

SECTION II: DEFENSE NUCLEAR SITES

II.0 Background

Defense nuclear sites accounted for 87 percent of all workers separated in FY 1999.

II.1 Separations

There were 1,593 defense prime-contractor positions reduced in FY 1999 (Exhibit II.1).

	SITE: DEFENSE SITES	FY 1999				
		Workers	Enhanced Costs	Program Costs	Total Costs	Total Cost/Recip.
1.0	Positions Reduced Voluntarily	900	\$935,735	\$18,380,375	\$19,316,110	\$21,462
1.1	Early Retirement	120	\$0	\$5,447,497	\$5,447,497	\$45,396
1.2	Non-Retirement Voluntary Separations (Severance Only)	503	\$935,735	\$12,932,878	\$13,868,613	\$27,572
1.3	Net Positions Reduced Through Attrition	277	\$0	\$0	\$0	\$0
2.0	Involuntary Separations (Severance Only)	693	\$426,375	\$5,917,019	\$6,343,394	\$9,154
2.1	With Benefits	410	\$426,375	\$5,917,019	\$6,343,394	\$15,472
2.1.1	Non-construction workers	353	\$156,618	\$5,917,019	\$6,073,637	\$17,206
2.1.2	Construction workers	57	\$269,757	\$0	\$269,757	\$4,733
2.2	Without Benefits	283	\$0	\$0	\$0	\$0
	Work Force Restructuring Separations and Costs -- Lines 1.0+2.0	1,593	\$1,362,110	\$24,297,394	\$25,659,504	\$16,108
3.0	Remaining Affected Workers		\$0	\$32,000	\$32,000	
3.1	Workers Placed without Retraining	784	\$0	\$0	\$0	\$0
3.2	Workers Internally Placed through Retraining	24	\$0	\$32,000	\$32,000	\$1,333
3.3	Transfers to Other Sites	65	\$0	\$0	\$0	\$0
4.0	Other Benefits Provided		\$3,040,865	\$1,546,689	\$4,587,554	
4.1	Displaced Worker Medical Benefits	956	\$265,030	\$1,434,297	\$1,699,327	\$1,778
4.2	Relocation Assistance	9	\$26,692	\$0	\$26,692	\$2,966
4.3	Separating or Separated Workers Using Outplacement	2,768	\$1,163,617	\$112,392	\$1,276,009	\$461
4.4	Education Assistance for Separated Workers	1,151	\$1,585,526	\$0	\$1,585,526	\$1,378
5.0	TOTAL COSTS FOR FISCAL YEAR 1999	n/a	\$4,402,975	\$25,876,083	\$30,279,058	n/a
6.0	WORK FORCE RESTRUCTURING SEPARATIONS (Average Costs) (1)	1,593	n/a	n/a	n/a	\$18,102
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits) (1)	503	n/a	n/a	n/a	\$31,051
8.0	INVOLUNTARY SEPARATIONS (All Benefits) (1)	410	n/a	n/a	n/a	\$18,951
9.0	Other Separations (2)	22	\$188,887	\$29,738	\$218,625	\$9,938
9.1	Voluntarily Separated	11	\$188,887	\$0	\$188,887	\$17,172
9.2	Involuntarily Separated	11	\$0	\$29,738	\$29,738	\$2,703

FOR ALL SITES

Note 1. See Historical Average Costs of Other Benefits for explanation of costs per recipients.

Note 2. Based on best available information; may be underreported due to variations in tracking subcontractor employment at different sites.

Exhibit II.1 Defense Sites Work Force Restructuring Summary

Of these separations, 900 positions were reduced voluntarily: 120 took early retirement, 503 accepted a voluntary separation package, and 277 positions were reduced through managed attrition. An additional 693 were separated involuntarily (Exhibit II.2).

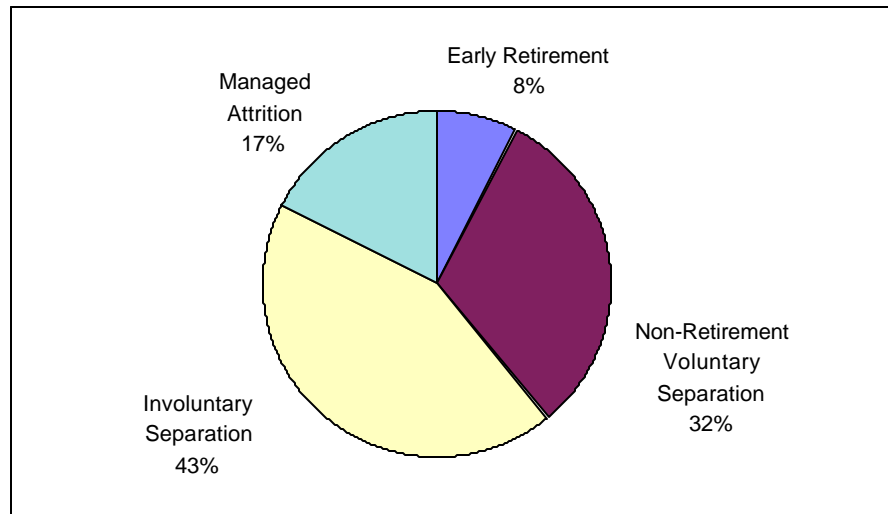
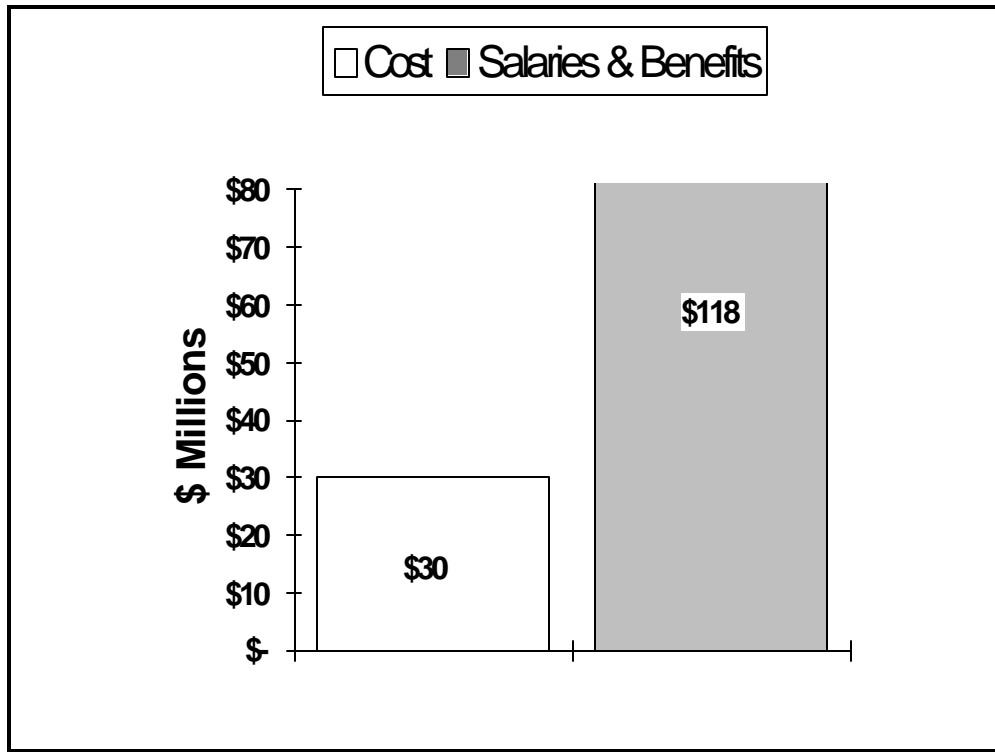


Exhibit II.2 Defense Nuclear Site Separations for FY 1999

II.2 Cost Savings and Separation Costs

Cost Savings. The annual cost savings associated with the 1,593 contractor employees separated from defense nuclear sites in FY 1999 was \$118 million,¹³ versus the initial one-time cost of \$30 million (Exhibit II.3).

¹³ Individual employee compensation averaged \$74,214 for salary and benefits annually, based on data compiled by the Department's Office of Procurement Assistance and adjusted for inflation.



**Exhibit II.3 Cost and Savings for FY 1999
Defense Site Reductions in Employment**

Separation Costs. Total separation costs were \$30 million in FY 1999. Of these costs, \$3.7 million were enhanced costs paid for by the Office and \$26.6 million, were costs paid for by the various programs responsible for the sites covered in this report. The estimated fully-burdened cost per prime-contractor separation at defense nuclear sites in FY 1999 was approximately \$18,100.¹⁴ The average cost per early retirement was \$45,400. The estimated incentive cost per recipient for non-retirement voluntary programs was \$27,600, with a fully-burdened cost with benefits of \$31,000. Severance costs per recipient for involuntary separations was \$15,500, with a fully-burdened cost with benefits of \$18,950.

¹⁴ A fully-burdened cost per voluntary or involuntary separation is calculated by taking the average severance/incentive cost and adding a per capita historical average cost for other benefits of \$3,479. The fully-burdened cost for all separations uses a prorated historical average based on the ratio of separated workers eligible for benefits.

II.3 Mitigating Restructuring Impacts

Placement. In FY 1999, 873 employees were placed in other positions, either at the same site or other sites. The majority (784) were placed at their same site without retraining.

Medical Benefits. In 1999, 956 separated workers took extended medical benefits with an average cost of \$1,800 per worker. Recipients may have been separated in prior years.

Relocation. In FY 1999, nine employees received relocation assistance at an average cost of \$3,000. Recipients may have been separated in prior years.

Outplacement. In FY 1999, 2,768 workers used outplacement services, with an average cost of \$500 per worker. Outplacement services are typically available to both prime-contractor and subcontractor workers. Recipients may have been separated in prior years.

Educational Assistance. In FY 1999, 1,151 workers received educational assistance with educational costs averaging about \$1,400 each. Recipients may have been separated in prior years.

II.4 Site Summaries

Site summaries follow the same general structure as the total defense nuclear sites summary with the following exceptions:

- C **Mitigation.** Mitigation measures usually appear in the discussion of restructuring costs. Not all mitigation measures were used at each site. Consequently, discussion of some of these measures is not included in the site summaries.
- C **Community Transition.** Only 12 defense nuclear sites have received community transition assistance; therefore, not all site summaries contain this discussion.
- C **Subcontractor Separations.** The Department has not historically tracked subcontractor employment data. Reporting subcontractor separations is not consistent across sites. After work force restructuring began in FY 1993, the Office has tried to track separations in cases where work shifted from the scope of the management contract to various subcontracts.

II.4.1 Argonne National Laboratory

II.4.1.1 Background

Argonne National Laboratory is a large multi-program laboratory operated by the University of Chicago for the U.S. Department of Energy. The Laboratory's mission is basic research and technology development to meet national goals in scientific leadership, energy technology, environmental quality, and national security. To accomplish its mission for the Department and the Nation, Argonne strives continually to advance the frontiers of science and to use its leading-edge capabilities in science and engineering to provide quality solutions for customers and stakeholders. In these efforts, the Laboratory often works closely with other DOE laboratories so that the full capabilities of the DOE laboratory system are brought to bear on priority problems in science and technology.

II.4.1.2 History of Work Force Restructuring

Work force restructuring began at the Argonne National Laboratory in FY 1995 when it separated 250 employees, most through a voluntary separation program. Restructuring continued in FY 1996 with 144 separations, most involuntary. In FY 1997, Argonne National Laboratory was reclassified from a defense nuclear site to a non-defense site. The Department determined that the Laboratory did not meet the definition of a defense nuclear facility under the Atomic Energy Act and that the work force changes that have occurred at the site were not related to a comprehensive change in mission resulting from the end of the Cold War. Argonne separated 189 employees in FY 1997 and 103 employees in FY 1998, through both voluntary and involuntary reductions.

II.4.1.3 Current Work Force Restructuring

In FY 1999, Argonne National Laboratory was reclassified from a non-defense site back to a defense site. There were a total of 101 separations in FY 1999 (Exhibit II.4). There were 74 voluntary separations, including 62 early retirements and 12 non-retirement voluntary separations. There were also 27 involuntary separations. In addition, there were four workers placed internally without retraining.

Outsourcing. No outsourcing activity occurred during FY 1999.

Rehires. Two employees were rehired in FY 1999. Based upon stipulations agreed to at the time of their separations, applicable amounts of severance payments received were paid back to the Laboratory.

Office of Worker and Community Transition

SITE: Argonne National Laboratory		FY 1999				
		Workers	Enhanced Costs	Program Costs	Total Costs	Total Cost/Recip.
1.0	Positions Reduced Voluntarily	74	\$0	\$3,438,841	\$3,438,841	\$46,471
1.1	Early Retirement	62	\$0	\$2,917,452	\$2,917,452	\$47,056
1.2	Non-Retirement Voluntary Separations (Severance Only)	12	\$0	\$521,389	\$521,389	\$43,449
1.3	Net Positions Reduced Through Attrition					
2.0	Involuntary Separations (Severance Only)	27	\$0	\$727,785	\$727,785	\$26,955
2.1	With Benefits	27	\$0	\$727,785	\$727,785	\$26,955
2.1.1	Non-construction workers	27	\$0	\$727,785	\$727,785	\$26,955
2.1.2	Construction workers					
2.2	Without Benefits					
	Work Force Restructuring Separations and Costs -- Lines 1.0+2.0	101	\$0	\$4,166,626	\$4,166,626	\$41,254
3.0	Remaining Affected Workers		\$0	\$0	\$0	
3.1	Workers Placed without Retraining	4	\$0	\$0	\$0	\$0
3.2	Workers Internally Placed through Retraining					
3.3	Transfers to Other Sites					
4.0	Other Benefits Provided		\$0	\$11,692	\$11,692	
4.1	Displaced Worker Medical Benefits					
4.2	Relocation Assistance					
4.3	Separating or Separated Workers Using Outplacement	12	\$0	\$11,692	\$11,692	\$974
4.4	Education Assistance for Separated Workers					
5.0	TOTAL COSTS FOR FISCAL YEAR 1999	n/a	\$0	\$4,178,318	\$4,178,318	n/a
6.0	WORK FORCE RESTRUCTURING SEPARATIONS (Average Costs)	101	n/a	n/a	n/a	\$42,597
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	12	n/a	n/a	n/a	\$46,928
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	27	n/a	n/a	n/a	\$30,434
9.0	Other Separations	0	\$0	\$0	\$0	\$0
9.1	Voluntarily Separated					
9.2	Involuntarily Separated					

Exhibit II.4 Argonne National Laboratory Work Force Restructuring Summary

II.4.1.4 Costs of Restructuring

The total work force restructuring cost incurred in FY 1999 at Argonne was \$4.2 million, all of which were program costs (Exhibit II.4). The average cost per early retirement was \$47,000. The average estimated fully-burdened cost per non-retirement voluntary separation was \$46,900 and \$30,400 per involuntary separation. The average cost of outplacement assistance was \$974. The average savings in salary and benefits for the 101 positions reduced was \$7.5 million, for a one-time severance cost of \$4.2 million.

II.4.1.5 Outplacement

Argonne provides individual and group workshops on marketing, job hunting techniques, networking, resume development, letter writing, interviewing techniques, educational and training goals, financial planning, plus follow-up or progress sessions for individuals through contracted service agencies.

Preference-in-Hiring. There are currently no reduction-in-force individuals with applicable preference-in-hiring. No one has been placed at Argonne during FY 1999 with preference-in-hiring provisions.

II.4.1.6 Future of the Site

It is expected that Argonne National Laboratory will continue, for the foreseeable future, to carry out its mission in basic research and technology development. There is no forecasted significant change in mission or employment.

II.4.1.7 Accomplishments and Lessons Learned

- C In recent years, the utilization of Voluntary Separation Programs has successfully reduced the number of employees needing to be involuntarily separated when reductions-in-force have been necessary.
- C Since the mission of the Laboratory has remained constant, no significant work force restructuring has occurred at Argonne National Laboratory.

II.4.2 Brookhaven National Laboratory

II.4.2.1 Background

Brookhaven National Laboratory (BNL) is a large multi-program Laboratory operated by Brookhaven Science Associates for the U.S. Department of Energy (DOE). The Laboratory's broad mission is to produce excellent science in a safe, environmentally benign manner with the cooperation, support and appropriate involvement of our many communities. Specifically, the mission of BNL, which supports the U. S. Department of Energy's strategic missions, is to:

- C Conceive, design, construct, and operate complex, leading-edge, user-oriented facilities in a safe and environmentally benign manner that is responsive not only to the DOE, but also to the needs of the users.
- C Carry out basic and applied research in long-term programs at the frontier of science that supports DOE missions and the needs of the Laboratory's users community.
- C Develop advanced technologies that address national needs and initiate their transfer to other organizations and to the commercial sector.
- C Disseminate technical knowledge to educate new generations of scientists and engineers, to maintain currency in the nation's work force, and to encourage scientific awareness in the general public.

II.4.2.2 History of Work Force Restructuring

Work force restructuring at Brookhaven National Laboratory began in FY 1995 when it separated 332 employees; the majority through voluntary attrition, early retirement, and non-retirement voluntary separation. In FY 1996, an additional 270 employees were separated, with most leaving through attrition and some early retirement and non-retirement voluntary separations. In FY 1997, Brookhaven National Laboratory was reclassified from a defense nuclear site to a non-defense site. The Department determined that the Laboratory did not meet the definition of a defense nuclear facility under the Atomic Energy Act and that the work force changes that have occurred at the site were not related to a comprehensive change in mission resulting from the end of the Cold War. In FY 1997, there were 69 separations with the majority of individuals receiving early retirement. Brookhaven separated a total of 52 employees in FY 1998, most through voluntary separation programs. Since FY 1995, the majority (93 percent) of separations have been voluntary.

II.4.2.3 Current Work Force Restructuring

In FY 1999, Brookhaven National Laboratory was reclassified from a non-defense site back to a defense site. There were a total of 72 separations at Brookhaven in FY 1999 (Exhibit II.5). There were 68 voluntary separations, including 57 early retirements and 11 non-retirement separations. There were also 4 involuntary separations. In addition, there were 11 workers placed internally without retraining.

	SITE: Brookhaven National Laboratory	FY 1999				
		Workers	Enhanced Costs	Program Costs	Total Costs	Total Cost/Recip.
1.0	Positions Reduced Voluntarily	68	\$0	\$2,713,684	\$2,713,684	\$39,907
1.1	Early Retirement	57	\$0	\$2,497,663	\$2,497,663	\$43,819
1.2	Non-Retirement Voluntary Separations (Severance Only)	11	\$0	\$216,021	\$216,021	\$19,638
1.3	Net Positions Reduced Through Attrition					
2.0	Involuntary Separations (Severance Only)	4	\$0	\$40,857	\$40,857	\$10,214
2.1	With Benefits	4	\$0	\$40,857	\$40,857	\$10,214
2.1.1	Non-construction workers	4	\$0	\$40,857	\$40,857	\$10,214
2.1.2	Construction workers					
2.2	Without Benefits					
	Work Force Restructuring Separations and Costs -- Lines 1.0+2.0	72	\$0	\$2,754,541	\$2,754,541	\$38,258
3.0	Remaining Affected Workers		\$0	\$0	\$0	
3.1	Workers Placed without Retraining	11	\$0	\$0	\$0	\$0
3.2	Workers Internally Placed through Retraining					
3.3	Transfers to Other Sites					
4.0	Other Benefits Provided		\$0	\$215,000	\$215,000	
4.1	Displaced Worker Medical Benefits	51	\$0	\$215,000	\$215,000	\$4,216
4.2	Relocation Assistance					
4.3	Separating or Separated Workers Using Outplacement					
4.4	Education Assistance for Separated Workers					
5.0	TOTAL COSTS FOR FISCAL YEAR 1999	n/a	\$0	\$2,969,541	\$2,969,541	n/a
6.0	WORK FORCE RESTRUCTURING SEPARATIONS (Average Costs)	72	n/a	n/a	n/a	\$38,982
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	11	n/a	n/a	n/a	\$23,117
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	4	n/a	n/a	n/a	\$13,693
9.0	Other Separations	0	\$0	\$0	\$0	\$0
9.1	Voluntarily Separated					
9.2	Involuntarily Separated					

Exhibit II.5 Brookhaven National Laboratory Work Force Restructuring Summary

Outsourcing. During FY 1999, the Laboratory, through its make-or-buy program, outsourced its telecommunications function. There were no reductions-in-force associated with this activity.

Rehires. Over the past three fiscal years, two involuntarily separated employees were rehired. In accordance with reemployment restrictions agreed to at the time of their separations, no repayment of severance payments received was required.

II.4.2.4 Costs of Restructuring

The total work force restructuring cost incurred in FY 1999 at Brookhaven was \$2.9 million, all of which was program cost (Exhibit II.5). The average cost per early retirement was \$43,800. The average estimated fully-burdened was \$23,100 cost per non-retirement voluntary separation and \$13,700 per involuntary separations. The average cost of displaced worker medical benefits was \$4,216. The average savings in salary and benefits for the 72 positions reduced was \$5.3 million, for a one-time severance cost of \$2.7 million.

II.4.2.5 Outplacement

All involuntary reduction-in-force employees are assigned to a recruiter in the Laboratory's Employment Group for counseling (as needed) and assistance with resume preparation, revision and reproduction. Referrals are made to fill Laboratory vacancies for which they qualify and assistance is provided for seeking outside employment.

Preference-in-Hiring. Any employee involuntarily RIF'd is given preference-in-hiring for 52 weeks after that action has taken place. In addition, as requested, information is entered in the DOE JOBBS databank. At the present time, no employees covered under section 3161 are being considered under applicable preference-in-hiring provisions.

II.4.2.6 Future of the Site

Brookhaven National Laboratory envisions a future of accelerating progress in linking fundamental knowledge of the structure of matter with the practical technologies needed to address the most challenging problems of society. In this context, the Laboratory will provide innovative and powerful facilities that permit researchers from all over the world to make this link, and will foster the application of those facilities to problems of national significance consistent with Department of Energy objectives.

The mission of the Laboratory has remained unchanged and is expected to continue in the manner noted above. At this time, no significant work force restructuring is expected at Brookhaven National Laboratory.

II.4.2.7 Accomplishments and Lessons Learned

- C The Laboratory has used term and project appointments for its construction projects. The use of such appointments reduces the need for involuntary separations and reduces the cost of providing severance pay.
- C The utilization of Voluntary Separation Programs has successfully reduced the number of employees who otherwise would have been involuntarily separated when reductions-in-force have been necessary.

II.4.3 Idaho National Engineering and Environmental Laboratory

II.4.3.1 Background

The Idaho National Engineering Laboratory became the Idaho National Engineering and Environmental Laboratory (INEEL) in FY 1997 to reflect the new missions of the Laboratory and its focus on the technical challenges related to the environment. The name change reflects the major engineering and research role the INEEL provides nationally to the Department's Environmental Management program.

The mission of INEEL is to clean up the environmental legacy resulting, in part, from production priorities during the Cold War, to execute multi-program missions, and leverage the Laboratory's expertise with emerging technology to meet the Nation's needs through world-class applied engineering. INEEL's vision is to be recognized as the national engineering and environmental laboratory operating in a multi-program mode. INEEL's mission is shifting from nuclear technology research to addressing environmental concerns, growing new missions, and creating new jobs based on the extensions of facility strengths related to Department and national needs.

The INEEL's new direction includes five business objectives: (1) combine systems and testing capabilities to establish the Environmental Engineering and Technology Complex; (2) use facilities required to fulfill waste disposition plans and agreements to create the Waste Treatment Center; (3) increase its role in national security; (4) increase its contributions in nuclear technologies and applications; and (5) expand into derived national environmental missions.

The prime contractor changed at the INEEL on October 1, 1999 to Bechtel B&W, Idaho (BBWI).

II.4.3.2 History of Work Force Restructuring

INEEL experienced five work force restructuring efforts from FY 1993 through FY 1996. The security force had two separations, both voluntary and involuntary during FY 1993 and FY 1994. In addition the prime contractor had one early retirement incentive package and two voluntary separation packages during FY 1995 and FY 1996. Total separations from FY 1993 through FY 1996 were 1,945; only 20 separations were involuntary. There were no prime contractor positions reduced in FY 1997, FY 1998, or FY 1999.

II.4.3.3 Current Work Force Restructuring

Because of efforts by the Department's Idaho Operations Office and the contractors at the INEEL to transfer people internally, potential layoffs in both FY 1997 and FY 1998 were averted. There were three involuntary separations in FY 1999 (Exhibit II.6). There was a net increase of 314 employees (606 hires, 292 terminations) through September 30, 1999. New hires exceeded gross attrition, therefore there were no positions reduced through net attrition. BWI assumed the contract on October 1, 1999. There is no expected reduction in force in FY 2000.

	SITE: Idaho	FY 1999			
		Workers	Enhanced Costs	Program Costs	Total Cost/Recip.
1.0	Positions Reduced Voluntarily	0	\$0	\$0	\$0
1.1	Early Retirement				
1.2	Non-Retirement Voluntary Separations (Severance Only)				
1.3	Net Positions Reduced Through Attrition				
2.0	Involuntary Separations (Severance Only)	3	\$88,295	\$0	\$88,295
2.1	With Benefits	3	\$88,295	\$0	\$88,295
2.1.1	Non-construction workers	3	\$88,295	\$0	\$88,295
2.1.2	Construction workers				
2.2	Without Benefits				
	Work Force Restructuring Separations and Costs -- Lines 1.0+2.0	3	\$88,295	\$0	\$88,295
3.0	Remaining Affected Workers		\$0	\$0	\$0
3.1	Workers Placed without Retraining				
3.2	Workers Internally Placed through Retraining				
3.3	Transfers to Other Sites				
4.0	Other Benefits Provided		\$231,981	\$0	\$231,981
4.1	Displaced Worker Medical Benefits (Note 1)	24	\$0	\$0	\$0
4.2	Relocation Assistance	6	\$17,692	\$0	\$17,692
4.3	Separating or Separated Workers Using Outplacement	284	\$91,035	\$0	\$91,035
4.4	Education Assistance for Separated Workers	390	\$123,254	\$0	\$123,254
5.0	TOTAL COSTS FOR FISCAL YEAR 1999	n/a	\$320,276	\$0	\$320,276
6.0	WORK FORCE RESTRUCTURING SEPARATIONS (Average Costs)	3	n/a	n/a	n/a
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	0	n/a	n/a	n/a
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	3	n/a	n/a	n/a
9.0	Other Separations	0	\$0	\$0	\$0
9.1	Voluntarily Separated				
9.2	Involuntarily Separated				

Note 1. Participants now paying full costs.

Exhibit II.6 Idaho Work Force Restructuring Summary

Outsourcing. There were no outsourcing activities in FY 1997, FY 1998 or FY 1999.

Rehires. The restriction for rehire for those who took the 1995 and 1996 Voluntary Separation (VSP) package has been lifted. INEEL has rehired 11 of the 1995 VSP's and 5 of those who took the 1996 VSP. There are a limited number of subcontracts in place with early retirees and voluntarily separated

individuals for services they uniquely possess or services different from those they provided while employed with LMITCO.

II.4.3.4 Costs of Restructuring

The total work force restructuring cost incurred in FY 1999 at Idaho was \$320,276; all of which was enhanced benefit cost (Exhibit II.6). The average estimated fully-burdened cost per involuntary separation was \$33,000. The average cost of relocation assistance was \$3,000, the average cost of outplacement assistance was \$321, and the average cost for education assistance for separated workers was \$316. The average savings in salary and benefits for the three positions reduced is \$223,000 for a one-time severance cost of \$88,000.

II.4.3.5 Outplacement

The Lockheed Martin Idaho Technology Company Outplacement Center (the Center) was established in April 1995 with a defined mission to provide a wide array of job search and career assessment programs that prepare clients to market themselves. The Center was established at an off-site facility with easy access and parking, and all displaced workers were advised of the Center's services. The Center was staffed by three full-time counselors, including one Idaho Department of Employment Job Service representative, and provides clients individualized assistance in their job search. An Education Tuition Assistance administrator, appointed from the INEEL Institute, was also stationed at the Center on a part-time basis.

The Center provided eight individual workstations complete with computers equipped with a variety of word processing capabilities, resume software, and Internet access and phones equipped with FTS access. Staff assisted in the operation of these programs. As an added feature, the Idaho Department of Employment made available the Career Information System which is a self-assessment, employer research program designed to assist clients in determining their skills and matching them to available positions within the State.

The Center provides a library that serves as a research tool in the areas of both personal assessment and career exploration. Recent publications pertaining to the topics of managing change, interviewing techniques, and resume writing are samples of the literature available. In addition, newspapers, government and industry-related journals, and reference books relative to the current job market are available. A monthly newsletter, "The Search," informs clients of Center resources and activities.

Center staff made a number of informational presentations covering topics of interest such as managing change, negotiating an offer, resume preparation, and interviewing techniques. Outside experts

presented full-day skill assessment and financial education programs. A resume booklet updated periodically was assembled and distributed to various local and regional employers as appropriate.

The utilization of the outplacement center continued to decline the farther away from the separation date, therefore, the Center was relocated from an offsite location to one inside the facility where the LMITCO Human Resource Department is located. The move was made to accommodate the reduced utilization of the Center and to use the staff in other human resource functions during less active times. The Center hours were also reduced.

Because of the reduction in clientele, three of the eight workstations have been eliminated, presentations are being made only as needed, and the resume book is updated less frequently. All other services are still available. Further reduction in the level of services provided is expected in FY 2000, as the client base continues to dwindle.

Preference-in-Hiring. The goal of the outplacement center is to place as many individuals with preference-in-hiring as possible. To that end, systems and procedures are in place to facilitate contact with the individuals, track and monitor progress, and to place individuals, as positions become available.

The number of people now eligible for preference-in-hiring is 14, down from approximately 100 in FY 1994 and down from the 28 who responded in FY 1998. Thirty-five displaced workers with preference-in-hiring status have been placed at the INEEL within the last five years. Approximately 17 others have been placed at other Department of Energy sites.

II.4.3.6 Community Transition

The Eastern Idaho Community Reuse Organization (CRO) was established in October 1994 as a standing Committee of the Board of Directors of the Eastern Idaho Economic Development Council (Council). The Council acts as the fiduciary agent for all CRO activities through its non-profit status. The mission of the Council, and therefore the CRO, is to diversify the regional economy by creating the widest possible range of employment opportunities for the region's residents, while preserving and enhancing their quality of life.

The Regional Development Alliance (RDA) was selected by the State of Idaho to receive and administer funds provided to the State through a Federal court-mandated settlement agreement on disposition of spent nuclear fuel between the State and the Department of Energy. The agreement calls for the Department to provide \$30 million to be disbursed to the State over five years. The settlement agreement allows the Idaho National Engineering and Environmental Laboratory to accept a certain

number of shipments of spent fuel in exchange for the eventual removal of most nuclear waste and spent fuel from Idaho by a set deadline.

As of September 30, 1999, a total of \$5.7 million has been committed to the CRO and \$18.0 million to the State of Idaho for economic diversification, for a total commitment of \$23.7 million. To date, \$17.2 million has been spent. Over 3,000 jobs have been created or retained, with an additional 4,199 jobs projected by the year 2003. Exhibit II.7 provides an allocation of job creation and funding statistics by six economic development categories at the site between FY 1993 and FY 1999.

FY 1993 through FY 1999					
Program Area	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2003 (Estimated)
Entrepreneurial Development	\$918.162	\$884.635	180	\$4.915	684
Financing Programs	\$12,959.764	\$12,599.964	1,331	\$9.467	3,596
Reuse of On Site Assets	\$0	\$0	0	\$0	0
Training	\$310.744	\$183.859	83	\$2.215	148
Land, Facilities, Research and Development Assistance	\$1,000.000	\$1,000.000	5	\$200.000	30
Planning / Program Management	\$8,486.330	\$2,483.852	1,442	\$1,723	2,782
Totals	\$23,675.000	\$17,152.310	3,041	\$5,640	7,240

Exhibit II.7 Idaho Community Transition Funding and Job Creation

The following information provides an update on the major accomplishments of activities funded by the State of Idaho:

- C The State of Idaho has received \$18 million to date from the Department of Energy under the September 23, 1996 Settlement Agreement. During FY99, the State disbursed \$6.5 million to the Regional Development Alliance, Inc. (RDA), a nonprofit corporation dedicated to quality job creation in Bannock, Bingham, Bonneville, Butte, Custer, Jefferson, and Madison counties. RDA must use these funds to create jobs and diversify the economy of southeastern Idaho by providing financial assistance for business expansion, new business creation, relocation for out-of-state businesses, and development of infrastructure necessary to support business (e.g., sewer and utility access). Consistent with the intent of that agreement, RDA has set goals for job creation, pay scale and company start-up, expansion and relocation. RDA projects the creation of over 2,400 jobs throughout the geographic area covered by the agreement over the life of the current committed projects.

- C During FY 1999, the State disbursed \$95,000 to Boise State University to provide a second year of funding to conduct entrepreneurial training courses, and accompanying consulting services, through its Small Business Development Center.
- C Projects funded during prior fiscal years to Idaho State University and a cooperative effort between the University of Idaho and Eastern Idaho Technical College are helping to diversify eastern Idaho's economy through the commercialization of research and development projects, technology transfer, and training programs.

The following information provides an update on the major accomplishments of selected projects funded by the CRO:

- C Related community-based organizations were formed with CRO seed support both in outlying communities and central cities, to initiate targeted diversification efforts. These efforts include downtown revitalization, business incubators, tourism promotion activities, and external business promotion. All agreements with community-based organizations require self-sufficiency strategies with program support limited to one year.
- C The amount leveraged by CRO's Revolving Loan Fund dollars is over seven times the amount it has loaned, leveraging over \$22 million in a three-year period on the \$3.0 million it has loaned to companies in Eastern Idaho.
- C Twenty-three companies in Eastern Idaho have received funds from the CRO. Those that have received funds have experienced growth due to these funds. Additionally, nearly 60 firms have received services and loans through entities that the CRO has supported.
- C The Eastern Idaho Economic Development Council has established a software development/information Technology (EIFIT). A board of directors was organized in August 1999, with interest from the private, IT business sector much larger than originally anticipated. To date, over 100 companies and contacts have been identified and have communicated support for EIFIT. This industry was identified as an industry well suited for eastern Idaho in a CRO-supported analysis of the region.
- C Most funds of the initial \$5.3 million have been expended. Future planning will largely be the focus of the CRO in the short-term. It is anticipated that additional funding will be applied to an eastern Idaho reindustrialization program, a technology initiative program, research, and administration.

Exhibit II.8 on the following page provides a summary of all projects funded between FY 1993 and September 30, 1999.

From FY 1993 through FY 1999					
Project Title	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2003 (Estimated)
Eastern Idaho Community Reuse Organization	\$5,675,000	\$5,249,233	1,947	\$2,696	3,547
State Economic Development	\$18,000,000	\$11,903,077	1,094	\$10,880	3,693
Totals	\$23,675,000	\$17,152,310	3,041	\$5,640	7,240

Exhibit II.8 Idaho Funding and Job Creation by Program

II.4.3.7 Future of the Site

Manpower projections for the next several years are continuing to increase at the INEEL because of the increased environmental mission. The total increase for the next three fiscal years was a projected net increase of approximately 300 plus positions, predominately in the engineering, scientific and technical job categories. A net increase in headcount of 314 (606 new hires; 292 term) was realized in FY 1999. An additional 150 positions are projected in the manpower planning for the next few years. This could change due to the change in contractors with a corresponding change in emphasis.

II.4.3.8 Accomplishments and Lessons Learned

Accomplishments of work force restructuring efforts and lessons learned from the outplacement center are as follows:

- C LMITCO mitigated the cost impact of the Lockheed Martin Advanced Energy Systems (LMAES) layoffs by placing 26 of the 157 affected employees in FY 1997 and FY 1998 into LMITCO job openings for which they were qualified.
- C To accurately monitor preference-in-hiring status at INEEL and track displaced workers; the Center mails a yearly reminder, via registered mail, requesting a signed preference-in-hiring form to be returned to the center along with an updated resume. Resumes are then entered into JOBBS and into an in-house reference database tracking system.
- C In order to evaluate the effectiveness of the outplacement center, customer surveys solicit client feedback on how services and operation of the Center could be improved. The surveys also

provide an updated status of separated employees. The comments have been very favorable and reflect satisfaction with the services and resources provided.

- C Internal and external reviews of the Outplacement Center activities and services have been positive and no findings were recorded.

II.4.4 Kansas City Site

II.4.2.1 Background

The Kansas City Plant (KCP), located in Kansas City, Missouri, is responsible for the development and procurement of non-nuclear components for the nation's nuclear weapons program. AlliedSignal Inc., Federal Manufacturing & Technologies (FM&T), is the current management and operating contractor for the Kansas City Plant.

Since its creation in 1949, the Kansas City Plant has been an important part of the nuclear weapons complex. Typically, over 80 percent of the individual components within a nuclear weapon are the KCP's production or procurement responsibility. Through the years, the Plant's role within the nuclear weapons complex required a large productive capacity and extremely diverse technical capabilities. This set of capabilities and capacities was added incrementally in response to changing Departmental program needs.

With the end of the Cold War, the emphasis of the United States nuclear weapons program has shifted dramatically from development and production of new design weapons to dismantlement and maintenance of a smaller, enduring stockpile. In accordance with national security policy, including the Strategic Arms Reduction Treaties, the nuclear weapons stockpile is being significantly reduced. As a result, the Department shut down some of its former weapons facilities, transferred many of the production missions to the Kansas City Plant, and began moving other selected production operations to the national laboratories.

Subsequently, studies were conducted in support of the Stockpile Stewardship and Management Programmatic Environmental Impact Statement to determine a preferred alternative for the continued manufacturing of nonnuclear components for nuclear weapons. These studies resulted in the selection of a downsized Kansas City Plant as the preferred site because it was more cost effective than other alternatives and presented less programmatic risk to weapon production schedules, because product technologies and facilities were in place to complete the mission.

II.4.4.2 History of Work Force Restructuring

The Department first announced in April 1993 the need to restructure the work force at FM&T, due to changes in the defense mission and subsequent budgetary reductions. From FY 1993 to FY 1999, the KCP has separated 1,685 workers, with over 72 percent separating voluntarily. The majority of separations occurred in FY 1993 and 1994, when 1,003 workers left the site. In FY 1995 and FY 1996, a total of 202 employees separated from KCP through attrition at no cost to the Department.

In June 1997, the Department formally announced a work force reduction of as many as 700 associates at the Kansas City Plant to take place by October 1, 1997. A draft work force restructuring plan for the KCP was submitted to the Department for review and comment, and guidelines and applications for a voluntary reduction in force were distributed to all KCP associates. By August 1997, letters were distributed to 330 associates indicating that they had been approved for the voluntary reduction in force. There were no work force restructuring funds expended in FY 1997. However, contractor management allowed some employees who were accepted for the FY 1998 voluntary reduction in force to leave in late FY 1997. Concentrated planning began in September 1997 for an involuntary reduction in force to be completed in early FY 1998. The final work force restructuring plan was forwarded to the U.S. Congress in October 1998.

In FY 1998, a total of 423 positions were reduced through a combination of nonretirement voluntary separations, involuntary separations, and net positions reduced through attrition. While a small number of mission-necessary positions have been filled through limited outside hiring, the overall population trend at FM&T continued downward to 3,251 (including Kirtland Operations, located in Albuquerque, NM) as of the end of September 1998; the lowest level of employment in the plant's 50-year history.

II.4.4.3 Current Work Force Restructuring

In August 1999, the Department formally announced a work force reduction of 50 to 70 associates at FM&T, to take place by October 1, 1999. In FY 1999, there were 150 positions reduced (Exhibit II.9). Fifty-seven of these positions reduced involuntarily, and an additional 93 positions were reduced through net attrition.

Outsourcing. Over the years, FM&T has procured and fabricated parts in approximately a 50 percent make and a 50 percent buy ratio and has been moving towards more buying in recent years. In September 1995, a make-or-buy plan for functions and services was established. The plan was reviewed and approved by the Department of Energy Area Office and Operations Office. Plans for the coming years consist of appointing an outsourcing manager to oversee privatization opportunities that are consistent with Stockpile Management Restructuring Initiative implementation.

Rehires. AlliedSignal FM&T policy is to not rehire any employee who has taken a separation package through one of the voluntary reduction in force packages unless there is a critical business need. Consideration to rehire employees who were affected by an involuntary reduction in force is done consistent with good business practices and, where applicable, the provisions of any collective bargaining agreements.

Office of Worker and Community Transition

SITE: Kansas City		FY 1999			
		Workers	Enhanced Costs	Program Costs	Total Cost/Recip.
1.0	Positions Reduced Voluntarily	93	\$0	\$0	\$0
1.1	Early Retirement				
1.2	Non-Retirement Voluntary Separations (Severance Only)				
1.3	Net Positions Reduced Through Attrition	93	\$0	\$0	\$0
2.0	Involuntary Separations (Severance Only)	57	\$0	\$1,446,395	\$25,375
2.1	With Benefits	57	\$0	\$1,446,395	\$25,375
2.1.1	Non-construction workers	57	\$0	\$1,446,395	\$25,375
2.1.2	Construction workers				
2.2	Without Benefits				
	Work Force Restructuring Separations and Costs -- Lines 1.0+2.0	150	\$0	\$1,446,395	\$9,643
3.0	Remaining Affected Workers		\$0	\$0	
3.1	Workers Placed without Retraining				
3.2	Workers Internally Placed through Retraining				
3.3	Transfers to Other Sites				
4.0	Other Benefits Provided		\$0	\$190,807	\$3,347
4.1	Displaced Worker Medical Benefits	57	\$0	\$190,807	\$3,347
4.2	Relocation Assistance				
4.3	Separating or Separated Workers Using Outplacement	43	\$0	\$0	\$0
4.4	Education Assistance for Separated Workers				
5.0	TOTAL COSTS FOR FISCAL YEAR 1999	n/a	\$0	\$1,637,202	n/a
6.0	WORK FORCE RESTRUCTURING SEPARATIONS (Average Costs)	150	n/a	n/a	\$10,965
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	0	n/a	n/a	\$0
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	57	n/a	n/a	\$28,854
9.0	Other Separations	0	\$0	\$0	\$0
9.1	Voluntarily Separated				
9.2	Involuntarily Separated				

Exhibit II.9 Kansas City Work Force Restructuring Summary

II.4.4.4 Costs of Restructuring

The total work force restructuring cost incurred in FY 1999 at Kansas City was \$1.6 million, all of which was program cost (Exhibit II.9). The average estimated fully-burdened cost per involuntary separation was \$28,850. The average cost of displaced worker medical benefits was \$3,347. The average savings in salary and benefits for the 150 positions reduced is \$11.1 million, for a one-time severance cost of \$1.6 million.

II.4.4.5 Outplacement

Employees who left AlliedSignal FM&T as a result of the involuntary reduction in force were offered outplacement assistance through StarAccess, an outplacement firm. StarAccess provided

outplacement services including a 2-day job search skills workshop, assistance with resume preparation, individual career counseling, and telephone, internet and computer access.

Preference-in-Hiring. No preference-in-hiring has been exercised by applicants at AlliedSignal FM&T.

II.4.4.6 Future of the Site

The Kansas City Plant will gradually reduce the size of the plant and the number of workers. The current strategy for the KCP covers the period from September 30, 1997 to FY 2006 and includes five major objectives:

- C Reduce the physical size of the plant from approximately 3.2 million square feet of floor space to approximately 2.3 million square feet by consolidating and combining functional areas.
- C Change the manufacturing methodology for most product lines from product-based to process-based manufacturing to achieve more effective use of resources.
- C Outsource more of the products currently manufactured within the plant to commercial suppliers.
- C Reduce infrastructure by eliminating and streamlining operating and administrative procedures. Change business practices to more efficiently use resources.
- C Apply total quality initiatives to streamline and simplify business processes so that functions can be performed more efficiently.

II.4.4.7 Accomplishments and Lessons Learned

StarAccess provided excellent outplacement services for affected associates, which allowed easier transition of people into retirement and other jobs.

The FY 1999 reduction in force was strictly involuntary in order to provide opportunities to target areas where reductions could take place, thus minimizing workload and business impact where possible. The time between the announcement of an involuntary reduction in force and the final separation notifications to associates was approximately four weeks--a significant reduction in the RIF process cycle time.

II.4.5 Lawrence Livermore National Laboratory

II.4.5.1 Background

The Lawrence Livermore National Laboratory (LLNL), one of three research laboratories managed by the University of California, is a national security laboratory whose mission is to solve complex scientific and technical problems of national importance. LLNL, established in 1952, was a separate part of what was then the University of California Radiation Laboratory Berkeley and Livermore. In June 1971, recognizing the long-standing autonomy of the two laboratories, The Regents of the University formally separated them and named Livermore as Lawrence Livermore Laboratory. In December 1979, Congress changed the name to Lawrence Livermore National Laboratory. The main location and facilities of LLNL are at three sites: the Livermore, California site; Site 300 at Tracy, California; and the Nevada Test Site.

II.4.5.2 History of Work Force Restructuring

Shifting national priorities impacting scientific and technical requirements and factors affecting Laboratory operations resulted in changes to LLNL's job skills mix needed to meet the FY 1996 current and anticipated needs at the Laboratory. As a result, work force restructuring efforts at LLNL began during FY 1996 with a comprehensive internal review of Laboratory operations.

Employees were informed in June 1996 of a work force restructuring plan that included a Voluntary Separation Incentive Program (VSIP). Based on a work force analysis, Laboratory employees were placed into three categories relative to their eligibility for VSIP participation. Employees determined eligible to participate in the VSIP were those in classifications where skills would be needed in the future, but at a reduced level, and where functions were to be phased out. A second group of employees eligible for the VSIP were in classifications where reduction was not required, but voluntary separations would provide opportunities for consolidation and reductions. The number of individuals from this group allowed to participate in the VSIP was limited based on the need to meet mission objectives. The final group of employees was not eligible for the VSIP. They were in classifications identified as having skills critical to the ongoing mission of the Laboratory and replaceable only through external hire. VSIP features included separation payment incentives, medical benefit continuation, education assistance, relocation cost, and career assistance.

In FY 1996, 898 employees voluntarily separated from LLNL employment. There were 272 separations through VSIP participation and 626 separations through attrition. There were 285 positions reduced in FY 1997. Of the 285 reductions, 230 employees participated in the VSIP, and there were 55 net positions reduced through normal attrition.

Office of Worker and Community Transition

The Laboratory's Work Force Restructuring Plan was approved in FY 1998. As part of the normal business process, there were 23 involuntary separations without benefits in FY 1998. New hires exceeded gross attrition, therefore, there were no net positions reduced through attrition in FY 1998.

In April 1998, the Laboratory implemented a new staffing category, Flexible Term. Flexible Term employees are hired into this category for up to six years, are covered by the same benefits including retirement system membership as career indefinite employees, but serve in an "at-will" capacity. These employees provide flexibility in adjusting to funding fluctuations.

II.4.5.3 Current Work Force Restructuring

There was no work force restructuring at Lawrence Livermore in FY 1999 (Exhibit II.10). There were four involuntary separations, for cause, without benefits. New hires exceeded gross attrition, therefore, there were no net positions reduced through attrition in FY 1999.

	SITE: Lawrence Livermore National Laboratory	FY 1999				
		Workers	Enhanced Costs	Program Costs	Total Costs	Total Cost/Recip.
1.0	Positions Reduced Voluntarily	0	\$0	\$0	\$0	\$0
1.1	Early Retirement					
1.2	Non-Retirement Voluntary Separations (Severance Only)					
1.3	Net Positions Reduced Through Attrition					
2.0	Involuntary Separations (Severance Only)	0	\$0	\$0	\$0	\$0
2.1	With Benefits					
2.1.1	Non-construction workers					
2.1.2	Construction workers					
2.2	Without Benefits				\$0	\$0
	Work Force Restructuring Separations and Costs -- Lines 1.0+2.0	0	\$0	\$0	\$0	\$0
3.0	Remaining Affected Workers		\$0	\$0	\$0	
3.1	Workers Placed without Retraining					
3.2	Workers Internally Placed through Retraining					
3.3	Transfers to Other Sites					
4.0	Other Benefits Provided		\$137,805	\$5,546	\$143,351	
4.1	Displaced Worker Medical Benefits	47	\$0	\$5,546	\$5,546	\$118
4.2	Relocation Assistance					
4.3	Separating or Separated Workers Using Outplacement					
4.4	Education Assistance for Separated Workers	51	\$137,805	\$0	\$137,805	\$2,702
5.0	TOTAL COSTS FOR FISCAL YEAR 1999	n/a	\$137,805	\$5,546	\$143,351	n/a
6.0	WORK FORCE RESTRUCTURING SEPARATIONS (Average Costs)	0	n/a	n/a	n/a	\$0
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	0	n/a	n/a	n/a	\$0
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	0	n/a	n/a	n/a	\$0
9.0	Other Separations	0	\$0	\$0	\$0	\$0
9.1	Voluntarily Separated					
9.2	Involuntarily Separated					

Exhibit II.10 Lawrence Livermore National Laboratory Work Force Restructuring Summary

Outsourcing. There have been no outsourcing activities necessitating personnel reductions at LLNL.

Rehires. There were three new rehires in FY 1999. All separation benefits were repaid.

II.4.5.4 Costs and Cost Savings

The total work force restructuring cost incurred in FY 1999 at Lawrence Livermore was \$143,351 for benefits provided to workers separated in prior years (Exhibit II.10). The total program cost was \$137,805, and the enhanced benefit costs totaled \$5,546. The average cost of displaced worker medical benefits was \$118 and the average cost for education assistance for separated workers was \$2,702.

II.4.5.5 Outplacement

LLNL's Career Center provides employees with a variety of resources to assist in career management. Included are reference materials on job market information; qualifications for jobs inside and outside the Laboratory; job opportunities from other companies, the University of California and California State universities, and other Department of Energy Laboratories; employment trends; business directories and publications; a lending library with books, audio and video tapes concerning job search, career development, time management, managing change, leadership/management development, and aging and retirement. The Career Center has two computer workstations with access to the Internet and instructions on using the Web to find information on career development, education and training, and job openings. The computers can be used to write and print resumes. Employees across the Laboratory can access many of these resources on the Career Center's internal home page. Employees use one-on-one career counseling to help them conduct and review a self-assessment; discuss different career options; review and critique resumes; evaluate skills; and provide guidance for job search strategies or education. Workshops are offered each week on a variety of career-related topics.

Preference-in-Hiring. There were no individuals eligible for preference-in-hiring.

II.4.5.6 Future of the Site

The Laboratory continues to focus its efforts on two of the nation's top priorities: stockpile stewardship and stemming the proliferation of weapons of mass destruction. Other major areas include energy, bioscience and environmental remediation. These activities necessitate a broad range of core strengths at the Laboratory.

Ongoing biannual work force reviews, which include career, term, and supplemental positions, are conducted to ensure hiring plans are consistent with programmatic needs and budgetary constraints. Work force issues were discussed by Laboratory Senior Management in October 1998 and February 1999; it was determined that work force restructuring was not required in FY 1999. Currently, review of work force needs is an ongoing process conducted by the Deputy Director for Operations.

In June 1999, the U.S. Enrichment Corporation announced that it was discontinuing work on the Atomic Vapor Laser Isotope Separation Program, which supported 344 LLNL employees. Currently, these employees are transitioning to other work in the Laboratory. The Laboratory Brokers team is assisting in the process.

II.4.5.7 Accomplishments and Lessons Learned

There have been a number of accomplishments and lessons learned at LLNL about the work force restructuring process:

- C The Laboratory's work force restructuring efforts, including the voluntary separation incentive program, have been successful in achieving the goal of a job skills mix needed to meet current and anticipated needs. However, in retrospect, the level of benefits provided led to higher costs than may have been necessary to encourage voluntary separations. As a result, any future voluntary programs are expected to be less generous.
- C The lack of a final, approved Plan during restructuring raised questions from stakeholders regarding the authority for Plan implementation.
- C Extending the voluntary separation incentive program application period provided an opportunity for employees to make decisions and for management to make on-going skills needs assessments. However, the length of an extended application period should be weighed against resultant administrative issues.
- C Closing the voluntary separation incentive program at the end of the calendar year presented tax-related participation issues for employees, which consequently complicated program implementation and may have affected the level of participation. Careful consideration should be given to the timing of any incentive program.
- C The Laboratory has implemented several methods to assist in the transition of retained workers. The Laboratory's Director's Office review and approval of all postings (indefinite career, term career, and supplemental labor) was implemented in August 1996 to ensure that Laboratory-wide work force actions are consistent with voluntary separation incentive program

requirements. The Laboratory Brokers Team continues to review Laboratory postings as needed to determine whether or not current Laboratory employees could potentially fill such postings. The Employment Benefits Division continues to utilize Resumix as a tool in assessing employee skills, knowledge and abilities, to enhance reassignment, and in retraining assessments.

II.4.6 Los Alamos National Laboratory

II.4.6.1 Background

Los Alamos National Laboratory (LANL) is one of twenty-eight Department of Energy laboratories and is managed for the Department by the University of California (UC). LANL is one of the largest multidisciplinary institutions in the world. It is the largest institution and the largest employer in Northern New Mexico, with approximately 7,100 University employees plus approximately 3,000 contractor personnel. Roughly one-third of the technical staff members are physicists, one-fourth are engineers, one-sixth are chemists and materials scientists, and the remainder work in mathematics and computational science, biological science, geoscience, and other disciplines. Scientists and students also come to LANL as visitors to participate in scientific projects. The staff collaborates with universities and industry in both basic and applied research to develop resources for the future.

Over the 50-year history of LANL, the primary mission has been to apply science and technology to problems of national security. However, well before the end of the Cold War, this mission expanded to encompass energy, economic competitiveness, and other national problems. Today, LANL focuses on reducing the global nuclear danger, as well as conducts large-scale, multi disciplinary research and development in hundreds of areas ranging from advanced manufacturing techniques to bioscience, from alternative energy sources to new polymers. An important facet in meeting current missions is collaboration with private industry and universities.

II.4.4.2 History of Work Force Restructuring

A total of 516 employees were separated from the site in FY 1995, with 452 leaving voluntarily. An additional 64 were involuntarily separated. In FY 1996, 380 workers were separated, with 181 voluntary separations and 199 involuntary separations. Total separations at LANL through FY 1996 totaled 896 employees, with 71 percent of these employees separated voluntarily. There were no formal work force restructuring activities in FY1997, FY 1998, or FY1999.

Work force restructuring in Fiscal Years 1995 and 1996 was driven by an effort to adjust the skill mix of the work force to place greater emphasis on scientific and technical positions, and in anticipation of program budget reductions. Subsequently, the laboratory secured additional tasks and associated funds resulting in an overall employment increase to approximately the level prior to this restructuring. LANL was successful in its efforts under section 3161 of the National Defense Authorization Act to rehire qualified individuals released from employment during the fall 1995 involuntary reduction-in-force (RIF). Of the 199 individuals released in the RIF, a total of 108 persons had expressed interest in

returning to Laboratory employment. The Laboratory has successfully rehired 93 (86 percent) of the 108 individuals. An additional four individuals have been hired by LANL contractors.

II.4.6.3 Current Work Force Restructuring

There were no formal work force restructuring activities in FY 1999 (Exhibit II. 11). New hires exceeded gross attrition, therefore, there were no net positions reduced through attrition.

SITE: Los Alamos National Laboratory		FY 1999			
		Workers	Enhanced Costs	Program Costs	Total Cost/Recip.
1.0	Positions Reduced Voluntarily	0	\$0	\$0	\$0
1.1	Early Retirement				
1.2	Non-Retirement Voluntary Separations (Severance Only)				
1.3	Net Positions Reduced Through Attrition				
2.0	Involuntary Separations (Severance Only)	0	\$0	\$0	\$0
2.1	With Benefits				
2.1.1	Non-construction workers				
2.1.2	Construction workers				
2.2	Without Benefits				
	Work Force Restructuring Separations and Costs -- Lines 1.0+2.0	0	\$0	\$0	\$0
3.0	Remaining Affected Workers		\$0	\$0	\$0
3.1	Workers Placed without Retraining				
3.2	Workers Internally Placed through Retraining				
3.3	Transfers to Other Sites				
4.0	Other Benefits Provided		\$161,000	\$0	\$161,000
4.1	Displaced Worker Medical Benefits				
4.2	Relocation Assistance	1	\$3,000	\$0	\$3,000
4.3	Separating or Separated Workers Using Outplacement	25	\$38,000	\$0	\$38,000
4.4	Education Assistance for Separated Workers	75	\$120,000	\$0	\$120,000
5.0	TOTAL COSTS FOR FISCAL YEAR 1999	n/a	\$161,000	\$0	\$161,000
6.0	WORK FORCE RESTRUCTURING SEPARATIONS (Average Costs)	0	n/a	n/a	n/a
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	0	n/a	n/a	n/a
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	0	n/a	n/a	n/a
9.0	Other Separations	0	\$0	\$0	\$0
9.1	Voluntarily Separated				
9.2	Involuntarily Separated				

Exhibit II.11 Los Alamos National Laboratory Work Force Restructuring Summary

Outsourcing. LANL did not have any outsourcing activity in FY1999.

Rehires. LANL has rehired a total of 100 individuals eligible for preference-in-hiring under section 3161 of the National Defense Authorization Act of 1993. Of the 100 total rehires, 93 rehires are from the fall 1995 involuntary reduction-in-force. Another four individuals have been rehired by LANL contractors.

II.4.6.4 Costs and Cost Savings

The total work force restructuring cost incurred in FY 1999 at Los Alamos National Laboratory was \$161,000, all of which was enhanced cost for benefits provided to workers separated in prior years (Exhibit II.11). The average cost of relocation benefits was \$3,000, the average cost of outplacement assistance was \$1,520, and the average cost for education assistance for separated workers was \$1,600.

II.4.6.5 Outplacement

In FY 1999, outplacement assistance continues to be made available to all former LANL employees. In collaboration with the local university, LANL sponsors a Career Resource Center providing outplacement assistance to all former employees.

Preference-in-Hiring. In July 1996, the Laboratory changed the preference-in-hiring program as a result of Department recommendations. Two primary themes of the enhanced preference-in-hiring program included improving communications with displaced workers and giving hiring preference to a displaced worker who is qualified for the job over an external candidate unless the hiring official can document a clear rationale for passing over the former employee. Laboratory senior management dedicated a full-time staffing professional to serve as an advocate for former employees pertaining to their re-employment.

To date, the Laboratory has rehired 93 of the 199 employees involuntarily terminated in FY 1995, and 91 of the 199 employees involuntarily terminated are not seeking employment with the Laboratory. In effect, the Laboratory will have rehired 86 percent of the former employees who involuntarily terminated in FY 1995 and were interested in returning to work at the Laboratory. Laboratory contractors that presently perform work at the Los Alamos site also hired four former employees separated in the fall 1995 RIF. In addition, LANL placed another 7 eligible former employees terminated from previous reductions in force through the enhanced preferential hiring program either with the Laboratory or its subcontractors.

II.4.6.6 Community Transition

In July 1993, the Defense Adjustment Task Force (DATF) was created to oversee a regional planning program funded under a Department of Defense grant. The purpose of the program was to prepare a regional plan to deal with future Los Alamos National Laboratory downsizing related to defense program funding reductions. In FY 1995, the Department provided a grant to the DATF to assist the region in mitigating the economic impacts of downsizing. Through a cooperative agreement, the

Office of Worker and Community Transition

Department established Los Alamos County as the fiscal agent for funding projects, with the potential for reconsideration of the funding process once the CRO was established. The DATF disbanded in January 1996 with the completion of a regional plan titled *Actions Toward Building a Self-Reliant Economy in the Tri-County Region*.

The Regional Development Corporation (RDC) was established in July 1996 as a not-for-profit organization formed to administer the community transition funds provided by the Department for local impact assistance. In FY 1996, the Department recognized the RDC as the CRO for Northern New Mexico community transition. The RDC's mission is to organize and implement an economic diversification and development program for north central New Mexico. The RDC assists the region by funding economic development projects that can redeploy the highly skilled, well-trained and educated work force developed for LANL's site missions. The RDC also is chartered to find potential new productive uses for land, facilities, and equipment as they become available.

As of September 30, 1999, an additional \$5 million has been committed to the CRO for a total of \$10.9 million; \$4.2 million of which has been spent. A total of 395 jobs have been created or retained, with an additional 2,277 projected by the year 2003. The following table provides an allocation of job creation and funding statistics by six economic development categories at the site between FY 1993 and September 30, 1999.

Exhibit II.12 provides a summary of all projects funded between FY 1993 and September 30, 1999.

FY 1993 through FY 1999					
Program Area	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2003 (Estimated)
Entrepreneurial Development	\$2,530,000	\$1,163,000	151	\$7,702	1,409
Financing Programs	\$750,000	\$750,000	96	\$7,813	100
Reuse of On Site Assets	\$0	\$0	0	\$0	0
Training	\$1,150,000	\$476,000	133	\$3,579	806
Land, Facilities, Research and Development Assistance	\$2,476,000	\$689,000	3	\$229,667	254
Planning / Program Management	4,027,399	1,111,192	12	\$92,599	103
Totals	10,933,399	4,189,192	395	\$10,606	2,672

Exhibit II.12 Los Alamos Community Transition Funding and Job Creation

The following information provides an update on the major accomplishments of selected projects funded by the CRO:

- C The Entrepreneurial Development program includes the following projects: City of Espanola Business Incubator which has completed construction and created 50 jobs. The Santa Fe Business Incubator is constructing an expansion to the existing facility due to its success and additional demand for space. An additional 32 jobs were created in FY 1999. The Santa Fe County Industrial Park project is still in the construction phase and therefore has not created any jobs to date. A total of 151 jobs have been created in this program area.
- C The Training Programs closed out two projects in FY 1999, the Santa Fe Community College and the University of New Mexico Los Alamos branch. The Tri-County Regional Training Program and the Northern New Mexico Community College have ongoing activities. A total of 133 jobs have been created out of the training programs to date.
- C The Land, Facilities, Research and Development Assistance Program includes one closed project, the Los Alamos County Land Trust Corporation, and one remaining project, the Rio Arriba Land Trust Association. Additional projects funded in FY1999 by the RDC in this program area include additional funding to the following: Santa Fe County for their Industrial Park development; the Los Alamos Research and Development Park; the Espanola Mainstreet Project; the Rio Arriba Geographical Information Systems; and the North Central New Mexico Economic Development District's waste water study. These projects are in the early stages of implementation and have resulted in creation of 3 actual jobs thus far.
- C Revolving Loan Fund - All funding as been committed under this project. Total loan fund was \$750,000. The Fund has resulted in the creation of 96 jobs.
- C Targeted Training Fund - This fund was initiated with the New Mexico Economic Development Department in January 1998. To date, \$83,000 of the total \$750,000 sub-recipient award has been allocated for training with the creation of 33 jobs.
- C Santa Fe Business Incubator - The project has been expanded to include additional facility space due to demand in the region.
- C Santa Fe Community College - The project has significantly improved the ability of the College to serve displaced ex-LANL workers and contribute to regional economic development. Enhancements to College services include an upgrade to the Flex Lab, Internet access for the Learning Resource Center, a Career Development Center, and distance education capabilities improvements.

- C Eight Northern Indian Pueblos Council, Inc. - The project has been expanded and additional funds granted to develop a business counsel services site.
- C The Vallecitos Mill project closed after successful restart of the mill and production of lumber from the timber contracts included in project funding. A total of 18 jobs were created from the restart of the mill. Unfortunately, the mill closed due to market constraints.
- C Strategic Learning Services has continued it's work with Los Alamos National Laboratory procurement activities and associated local businesses.
- C The RDC funded \$1.64 million to new projects in the entrepreneurial development area. These projects have already created 50 new jobs. The funding of a telecommunications initiative for rural Northern New Mexico is anticipated to produce 700 new jobs by 2003.
- C The RDC funded \$2.1 million to the land, facilities, and research and development program area in Fiscal Year 1999. These initiatives include \$1 million to the development of the Los Alamos Research and Development Park to stimulate private sector partnerships with the laboratory and to enhance commercialization activities.

Exhibit II.13 on the following page provides a summary of all projects funded between FY 1993 and September 30, 1999.

II.4.6.7 Future of the Site

LANL is not anticipating any major work force restructuring in FY 2000.

II.4.6.8 Accomplishments and Lessons Learned

In the fall of 1997, the University of California and the DOE approved a 5-year continuation of the contract to operate the Laboratory. The new contract contains commitments on initiatives that were crafted to address regional issues and improve LANL's standing in the diverse regional community environment within which it operates. As a result, LANL has increased its community involvement activities by supporting regional economic development and educational outreach. The Laboratory created the Los Alamos National Laboratory Foundation – a non-profit, philanthropic entity organized with a simple purpose: to promote and fund a broad range of educational and public service activities throughout Northern New Mexico communities where UC/Laboratory and corporate partner employees reside.

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From FY 1993 through FY 1999					
Project Title	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2003 (Estimated)
Revolving Loan Fund	\$750,000	\$750,000	96	\$7,813	100
Tri-County Regional Training Program	\$750,000	\$83,000	33	\$2,515	100
City of Espanola Business Incubator	\$390,000	\$351,000	50	\$7,020	90
Rio Arriba Land Trust Association ¹	\$60,000	\$45,000	0	\$0	0
Northern New Mexico Community College ²	\$200,000	\$194,000	0	\$0	56
University of New Mexico- Los Alamos ³	\$100,000	\$100,000	0	\$0	150
City of Santa Fe/ Projects: Business Incubator; TRADE; Airport Planning	\$200,000	\$180,000	33	\$5,455	45
Santa Fe Community College ⁴	\$100,000	\$99,000	100	\$990	500
Santa Fe County: Water Improvement Project ⁵	\$100,000	\$100,000	0	\$0	250
Eight Northern Indian Pueblos Telecommunications Infrastructure ⁶	\$150,000	\$150,000	0	\$0	62
Los Alamos County: Land Trust Corporation ⁷	\$300,000	\$300,000	0	\$0	0
Los Alamos County: Cooperative Agreement*	\$135,000	\$135,000	0	\$0	0
Vallecitos Mill	\$200,000	\$200,000	18	\$11,111	0
Strategic Learning Services ⁸	\$673,239	\$361,364	9	\$40,152	0
City of Espanola Industrial Park Phase 2 ⁹	\$250,000	\$0	0	\$0	120
Eight Northern Indian Pueblos Council Business Incubator ¹⁰	\$190,000	\$35,000	1	\$35,000	62
Espanola Mainstreet ¹¹	\$200,000	\$60,000	0	\$0	75
Ganados del Valle Business Development Program	\$200,000	\$22,000	2	\$11,000	35
Rio Arriba County GIS System	\$300,000	\$44,000	3	\$14,667	4
Santa Fe Business Incubator Phase 2	\$200,000	\$200,000	32	\$6,250	45
Santa Fe Gift Market ¹²	\$50,000	\$50,000	15	\$3,333	0
Santa Fe County Industrial Park Phase 2 ¹³	\$266,000	\$240,000	0	\$0	0
NCNMEDD Wastewater Treatment Plant Study ¹⁴	\$350,000	\$0	0	\$0	0
EOS Telecommunications ¹⁵	\$750,000	\$25,000	0	\$0	700
Los Alamos Research Park ¹⁶	\$1,000,000	\$0	0	\$0	175
RDC Administration*	\$782,229	\$464,828	3	\$154,943	3
RDC Funds Remaining for Projects	\$2,286,931	\$0	0	\$0	100
Totals	\$10,933,399	\$4,189,192	395	\$10,606	2,672

* Funds used for planning or administrative purposes. Job creation not intended.

Note. See Appendix G for footnote explanations.

Exhibit II.13 Los Alamos Funding and Job Creation by Program Area

Other accomplishments and lessons learned include:

- C In the event involuntary reductions are unavoidable, there needs to be an institutional commitment to support the spirit and intent of DOE Work Force Restructuring guidelines.
- C A management supported rehire program is essential in mitigating the negative impact of involuntary reductions.
- C Outplacement support and tuition reimbursement benefits proved to be essential in involuntarily terminated employees returning to work at LANL.
- C Key components of the LANL rehire program are as follows:
 - C The University of California has extended preference-in-hiring benefits to former LANL employees for UC employment as long as they re-certify their eligibility and interest on an annual basis.
 - C LANL has made accommodations to provide training to rehired employees within three months from the date of rehire, at no cost to the hiring organization.
 - C LANL requested and received Department of Energy and University of California approval to reinstate vacation and sick leave accrual rates previously held by section 3161 eligible former Laboratory employees when rehired by the Laboratory.
 - C LANL provides funding and support to the University of New Mexico/Los Alamos career center. Former employees are encouraged to use the support and services at the university career center, community colleges and Laboratory outreach centers.
 - C LANL continues to provide Tuition Reimbursement Program support of \$10,000 per employee through November 2001 for involuntarily separated former employees. Approximately 240 eligible former employees (both involuntary and voluntary reduction) are using the tuition benefit.

II.4.7 Nevada Test Site

II.4.7.1 Background

The Nevada Test Site (NTS), located 65 miles northwest of Las Vegas, Nevada, is the nation's only facility for conducting underground nuclear weapons tests. The 1,350-square mile site is bordered on three sides by the Nellis Air Force Bombing and Gunnery Range.

In 1992, President George Bush signed into effect the Hatfield Amendment, which imposed a nine-month nuclear testing moratorium to be in effect until at least July 1, 1993. The Hatfield Amendment states that testing after July 1, 1993 is possible only upon submission of a report by the President indicating, *inter alia*, the number and type of nuclear weapons tests to be conducted. Subsequently, the President announced an extension of the moratorium during which time diplomatic negotiations of a comprehensive test ban are expected to proceed. No testing has been conducted at the NTS since September 27, 1992.

II.4.7.2 History of Work Force Restructuring

Work force restructuring at the Nevada Test Site began in FY 1988. The site reduced over 1,200 employees prior to the implementation of section 3161. Between FY 1993 and FY 1997, there have been 4,290 separations; 47 percent were voluntary, and 53 percent were involuntary. There have been early retirement incentives, nonretirement voluntary separations, involuntary separations, and positions reduced through attrition. In FY 1998, the number of involuntary separated employees was significantly lower than in FY 1997. In FY 1998, only 13 employees were separated with severance benefits and 100 without severance benefits. These separations were to correct the skill mix, and also reflect normal ebb and flow of craft workers. New hires exceeded gross attrition in FY 1998; therefore, there were no net positions reduced through attrition.

II.4.7.3 Current Work Force Restructuring

In FY 1999, there were 143 separations (Exhibit II.14). All separations were involuntary, with 14 receiving benefits and 129 without benefits. There were an additional seven workers placed internally without retraining.

Outsourcing. There were no outsourcing activities in FY 1999.

Rehires. There were 20 non-bargaining and 84 bargaining employees rehired in FY 1999. None of the employees received section 3161 benefits.

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SITE: Nevada		FY 1999				
		Workers	Enhanced Costs	Program Costs	Total Costs	Total Cost/Recip.
1.0	Positions Reduced Voluntarily	0	\$0	\$0	\$0	\$0
1.1	Early Retirement					
1.2	Non-Retirement Voluntary Separations (Severance Only)					
1.3	Net Positions Reduced Through Attrition					
2.0	Involuntary Separations (Severance Only)	143	\$0	\$114,787	\$114,787	\$803
2.1	With Benefits	14	\$0	\$114,787	\$114,787	\$8,199
2.1.1	Non-construction workers	14	\$0	\$114,787	\$114,787	\$8,199
2.1.2	Construction workers					
2.2	Without Benefits	129	\$0	\$0	\$0	\$0
	Work Force Restructuring Separations and Costs -- Lines 1.0+2.0	143	\$0	\$114,787	\$114,787	\$803
3.0	Remaining Affected Workers		\$0	\$0	\$0	
3.1	Workers Placed without Retraining	7	\$0	\$0	\$0	\$0
3.2	Workers Internally Placed through Retraining					
3.3	Transfers to Other Sites					
4.0	Other Benefits Provided		\$405,195	\$279,533	\$684,728	
4.1	Displaced Worker Medical Benefits	74	\$0	\$279,533	\$279,533	\$3,777
4.2	Relocation Assistance					
4.3	Separating or Separated Workers Using Outplacement	6	\$0	\$0	\$0	\$0
4.4	Education Assistance for Separated Workers	201	\$405,195	\$0	\$405,195	\$2,016
5.0	TOTAL COSTS FOR FISCAL YEAR 1999	n/a	\$405,195	\$394,320	\$799,515	n/a
6.0	WORK FORCE RESTRUCTURING SEPARATIONS (Average Costs)	143	n/a	n/a	n/a	\$1,143
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	0	n/a	n/a	n/a	\$0
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	14	n/a	n/a	n/a	\$11,678
9.0	Other Separations	0	\$0	\$0	\$0	\$0
9.1	Voluntarily Separated					
9.2	Involuntarily Separated					

Exhibit II.14 Nevada Work Force Restructuring Summary

II.4.7.4 Costs and Cost Savings

The total work force restructuring cost incurred in FY 1999 at Nevada was \$799,515 (Exhibit II.14). The total program cost was \$394,320, and the enhanced benefit cost totaled \$405,195. The average estimated fully-burdened cost per involuntary separation was \$11,700. The average cost of displaced worker medical benefits was \$3,777, and the average cost for education assistance for separated workers was \$2,016. The average savings in salary and benefits for the 143 positions reduced is \$10.6 million, for a one-time severance cost of \$115,000.

II.4.7.5 Outplacement

Bechtel Nevada (BN) provides internal outplacement services in coordination with external services provided by the State of Nevada Job Training Office and Nevada Business Services. Services include

career counseling, resume writing, access to computers and printers, including JOBBBS, and the posting of job positions within other Department of Energy sites, local businesses, and managing and operating contractor corporate offices. Nevada's Job Training Office conducts briefings that provide information about employment security, consumer credit counseling services and union apprenticeship programs.

Preference-in-Hiring. When attempting to fill a position, BN and WSI first look at separated employees with preference-in-hiring. The files of separated employees with preference-in-hiring are forwarded to supervisors for review. Three displaced employees with hiring preference were rehired in FY 1999. At present, there are only 20 people on the Bechtel Nevada preference-in-hiring list.

II.4.7.6 Community Transition

The Nevada Test Site Development Corporation (NTSDC) was designated as the Community Reuse Organization (CRO) in June 1995. As such, the NTSDC is a commercialization effort in partnership with the U.S. Department of Energy for community transition in the Nevada Test Site (NTS) area. This non-profit entity facilitates the growth of science and technology through the development of sustainable private commercial activities which maximizes utilization of DOE resources, expands non-government opportunities, and adds long-term value to the regional economy.

As of September 30, 1999, a total of \$14.6 million has been committed for community transition activities in Nevada, \$11.7 million of which has been spent. Of this total expenditure, \$7.5 million has been spent by the NTSDC; \$2.8 million by the Corporation for Solar Technology and Renewable Resources (CSTRR); and \$711,376 by the International Brotherhood of Teamsters. A total of 1,692 jobs have been created or retained, with an additional 1,491 jobs projected by the year 2003. Exhibit II.15 provides an allocation of job creation and funding statistics by six economic development categories at the site between FY 1993 and September 30, 1999.

FY 1993 through FY 1999					
Program Area	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2003 (Estimated)
Entrepreneurial Development	\$550.000	\$299.250	89	\$3.362	225
Financing Programs	\$5.118.230	\$4.891.054	130	\$37.623	420
Reuse of On Site Assets	\$210.200	\$136.478	12	\$11.373	150
Training	\$1.436.000	\$911.376	758	\$1.202	995
Land, Facilities, Research and Development Assistance	\$5.540.180	\$3.884.610	183	\$21.227	485
Planning / Program Management	\$1.734.270	\$1.608.365	520	\$3.093	908
Totals	\$14.588.880	\$11.731.133	1,692	\$6.933	3,183

Exhibit II.15 Nevada Community Transition Funding and Job Creation

The following information provides an update on the major accomplishments of selected projects funded by the NTSDC:

- C Aerospace Activities - NTSDC continues the process of creating a new aerospace industry in Nevada through its anchor tenant at the NTS, Kistler Aerospace Corporation. Kistler is committed to locating a launch/recovery operation for their K-1; the world's first fully reusable launch vehicle and signed a subpermit with NTSDC in February 1999. After initial test flights from Australia, the Federal Aviation Administration is expected to license the K-1 for reentry and Kistler will then begin construction on their site at the NTS. In addition, NTSDC is pursuing a second aerospace tenant for the NTS. NTSDC is leading the Nevada team in submitting a proposal for siting VentureStar, NASA's replacement for the space shuttle, at the NTS.
- C Nevada Innovation Center - NTSDC has helped several companies commercialize new technologies and develop new businesses. The Nevada Innovation Center is a science and technology incubator where entrepreneurs can receive business planning and financial assistance. The University of Nevada (the technology verifier) and the Nevada Development Authority (the marketer) are partners in this program. The incubator also provides a physical location, if needed, where business can be conducted. NTSDC has nurtured two firms which

are preparing to graduate from the incubator; Cryo-Line Supplies and MetBro Technologies. These are environmentally conscious firms involved in the recovery/recycling processes for fluorocarbons and methyl bromide. It is anticipated that 30 new jobs will be created when these businesses are fully operational. Other companies currently in the incubator include a carbon recycling facility and a wastewater treatment/alternative energy production facility in partnership with Clark County.

- C Industrial Park Projects - Partnership with the rural communities surrounding the Nevada Test Site are the driving factors in this component. Overall \$1.3 million of NTSDC funding has been committed to this rural effort. The Regional Development Act passed in the Nevada Legislature provides for the formation of partnerships to create Regional Development Corporations that develop and manage industrial park projects. The results are job creation, facility reuse, and stimulation of the rural economies. NTSDC is working with Nye County in the development of the Nye County Science and Technology Corridor and with Lincoln County in the development of the Alamo Industrial Park and Meadow Valley Park. In addition, NTSDC is working with the DOE to develop the Desert Rock Sky Park, an industrial complex just outside the main gate of the NTS.
- C Fluid Tech - NTSDC sited its first tenant inside the fence at the NTS in the Engine Maintenance and Assembly/Disassembly Building (EMAD). Fluid Tech cleans and certifies for reuse equipment that may have been contaminated. Since its occupancy at EMAD, Fluid Tech's business has expanded and they are now negotiating for additional space. In addition, Fluid Tech is working with the DOE to facilitate cleanup of the facility for a savings to DOE.

The following information provides an update on the major accomplishments of selected projects funded by CSTRR:

- C Nevada Solar Summits - The first Southern Nevada Solar Summit was successfully planned and executed on July 20-21, 1999. The conference featured speakers from government and private industry, static displays, and opportunities for networking and information exchange. A similar Summit was scheduled for Northern Nevada early in the next fiscal year. The Summit series provides information on solar and other alternative energy programs to energy users in Nevada and nearby states.
- C Nevada Sustainable Energy Council - This is a statewide coalition of energy efficiency and renewable energy supporters. The core group is comprised of solar and other renewable energy advocates, academics, industry representatives, and government officials. The Council meets quarterly to work on public policies that will support better use of the renewable resources in the State.

- C Million Solar Roofs Initiative - CSTRR is the lead partner for the Nevada Million Solar Roofs Partnership. Using both DOE-supplied funds and funds furnished by the Seattle Support Office, CSTRR has engaged in a comprehensive effort to identify and address barriers to the installation of solar thermal and solar electric systems on buildings in Nevada and Arizona. Issues related to electrical interconnection, building codes, and costs have surfaced as initial barriers to success.
- C Solar Hot Water Heaters for New Residential Construction - A CSTRR-led consortium was awarded a contract by DOE/Golden to develop, demonstrate and market a solar hot water package to be offered as an option on new residential construction in Nevada and Arizona.
- C Green Power Program - CSTRR worked with a Nevada utility and regulatory entities to develop and implement a green power program for application by both Northern and Southern utilities. With the program, utility customers are able to request that a portion of their electrical needs be met from green resources.

The following information provides an update on the major accomplishments of selected projects funded by the International Brotherhood of Teamsters (IBT):

- C The IBT will partner with the Teamsters Local Union 631, the Nevada Operations Office, and its contractor, Bechtel Nevada, to certify licensed commercial drivers at the IBT/NTS Training Center. The goal of the program is to provide new skills for workers that will allow them to either transition to future jobs at the test site or employment in the private sector. The program will help provide skills that will employ displaced workers in the local labor markets and contribute to the economy of communities around the site.

Exhibit II.16 on the following page provides a summary of all projects funded between FY 1993 and September 30, 1999.

II.4.7.7 Future of the Site

Based on funding identified in the FY 2000 House and Senate Energy and Water Appropriation reports and DOE/NV's current understanding of funding adjustments to be made by DOE Headquarters Program Offices, projections for FY 2000 indicate that Bechtel Nevada will separate less than a hundred employees. Adjustments to the mix of skills required to perform the FY 2000 scopes of work and the further need for efficiency of operations are the anticipated cause of these reductions. Any separations that take place are expected to occur sporadically throughout the year.

II.4.7.8 Accomplishments and Lessons Learned

Both BN and WSI have successful preference-in-hiring programs as mentioned above.

From FY 1993 through FY 1999					
Project Title	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2003 (Estimated)
Implementation (NTSDC)	\$8,800,000	\$7,523,434	910	\$8,268	2,350
Communications System for State Department of Economic Development Authorities (NTSDC)	\$200,000	\$200,000	755	\$265	755
Community Reuse Organization Initial Operations Startup (NTSDC)	\$500,000	\$500,000	18	\$27,778	18
International Brotherhood of Teamsters ¹	\$1,236,000	\$711,376	3	\$237,125	45
Corporation for Solar Technologies and Renewable Resources ²	\$3,832,880	\$2,776,323	6	\$462,721	15
Start Up Grant*	\$20,000	\$20,000	0	\$0	0
Totals	\$14,588,880	\$11,731,133	1,692	\$6,933	3,183

* Funds used for planning or administrative purposes. Job creation not intended.

Note. See Appendix G for footnote explanations.

Exhibit II.16 Nevada Funding and Job Creation by Program

II.4.8 Oak Ridge Complex

II.4.8.1 Background

The Oak Ridge Complex is a large and diverse multi-disciplinary enterprise that spans the technology development continuum from purely basic science to full-scale production deployment capability. The Complex includes the East Tennessee Technology Park, the Y-12 Plant, the Oak Ridge National Laboratory, and the Oak Ridge Institute for Science and Education. These facilities have been developed over the past 50 years and provide a formidable resource to develop and deploy basic and applied research and production to assist U.S. industry. Over the years, the missions of the Oak Ridge facilities have changed to reflect the nation's needs and global events.

East Tennessee Technology Park. The East Tennessee Technology Park (ETTP), formerly the K-25 Site, was built in the 1940s as part of the U.S. Army's Manhattan Project and was home of the Oak Ridge Gaseous Diffusion Plant. The Plant's mission was production of highly enriched uranium for nuclear weapons. From 1964 to the mid-1980s, the Plant's primary mission was production of only slightly enriched uranium to be fabricated into fuel elements for nuclear reactors. By 1985, demand for enriched uranium had declined, and the gaseous diffusion cascades, and actions necessary to implement that decision fully, were initiated soon thereafter. In 1997, the site was renamed East Tennessee Technology Park to reflect its new mission of reindustrialization and reuse of site assets through leasing to and partnering with private industry.

In 1998, the site changed from a Management and Operating (M&O) contract to a Management and Integration (M&I) contract. In order to minimize transition costs, the majority of the ETTP work force transferred to the M&I or one of its principle subcontractors, or remained in the current contractor workforce. The mission of the ETTP has evolved into the reindustrialization and reuse of site assets (i.e., facilities, equipment, materials, utilities, and trained workforce) through leasing of vacated facilities and incorporation of commercial industrial organizations as partners in the ongoing environmental restoration, decontamination and decommissioning, waste treatment and disposal, and diffusion technology development activities.

Y-12. The Y-12 Plant was also constructed as part of the World War II Manhattan Project. It originated as a facility to separate Uranium-235 used in the first atomic bomb. During the Cold War years, the Plant became a precision manufacturing facility. With the end of the Cold War, Y-12's mission shifted from nuclear weapon component production to weapons disassembly, storage and management of special nuclear materials, and evaluation of the nuclear stockpile. The Plant's primary missions today include production of complex components and assemblies; safe and secure storage of nuclear materials; dismantlement, disposition, evaluation, and assessment of weapons components; transition of the plant size to meet Department needs; transfer of technology to private industry; maintenance of Department capabilities; and support of other national priorities. The Oak Ridge

Centers for Manufacturing Technology (ORCMT), located on the Y-12 Plant site, applies skills, capabilities, and facilities developed over the 50-year history of the Oak Ridge Complex to a variety of peacetime missions.

Oak Ridge National Laboratory. The Oak Ridge National Laboratory (ORNL) was founded in 1942 during the Manhattan Project and is currently the most programmatically diverse of the Department's five multiprogram energy laboratories. In support of the Department's missions, ORNL conducts basic and applied research and development to create scientific knowledge and technological solutions that strengthen the nation's leadership in key areas of science; increases the availability of clean, abundant energy; restores and protects the environment; and contributes to national security. ORNL is a primary performer of research and development in the basic energy science, energy efficiency, environmental science and technology, nuclear physics, and biological sciences. A request for proposals (RFP) was issued for the M&O contract for ORNL during 1999 and a new contractor will be selected and assume responsibility for ORNL on April 1, 2000.

Oak Ridge Institute for Science and Education. Oak Ridge Institute for Science and Education (ORISE) was established in 1946 to develop and provide capabilities critical to the nation's science and technology infrastructure, particularly in energy, education, health and the environment. The mission of ORISE includes developing critical research and operational capabilities in the work force health and safety, national security, environmental assessments, science education, and technical training for Department of Energy and other governmental agencies.

II.4.8.2 History of Work Force Restructuring

Work Force Restructuring within the Oak Ridge complex begins with comprehensive work force planning. Under the direction of senior management and the human resources organization, programmatic budgets and needs are evaluated in regards to work force needs. Support and service organizations prepare work force projections in accordance with steadily declining overhead budgets. The results of all studies are compiled, and work force impacts determined. Work force planning is an ongoing process; however, Work Force Restructuring impacts are reviewed as necessary by the managing and operating contractors and the Department.

Work Force Restructuring at the Oak Ridge Complex began in FY 1993. There were 4,310 separations from FY 1993 through FY 1998; 69 percent were voluntary and 31 percent were involuntary.

ETTP. Bechtel Jacobs Company, LLC at ETTP did not have any Work Force Restructuring activities in 1998 under its M&I contract, which was effective April 1, 1998.

Y-12 Plant. From FY 1993 through FY 1997, Lockheed Martin operated the Y-12 Plant and the ETTP site. During that time, it had nine work force restructuring activities. Of the total separations, 67 percent were voluntary and 33 percent were involuntary reductions. Voluntary programs have included two retirement incentives (in 1994 and 1996) and five Voluntary Reduction-in-Force (VRIF) programs (i.e., normal severance packages). The voluntary reductions have served to reduce involuntary reductions considerably while preserving the critical skills necessary to support the facility's mission. The percentage of voluntary reductions in FY 1997 was lower than in previous years, as the personnel reduction targeted specific programs. At Y-12, a total of 226 employees were terminated in FY 1998, including 67 involuntary reductions and 159 voluntary reductions.

ORNL. From FY 1993 through FY 1998, there have been nine Work Force Restructuring programs at ORNL. Each program included a voluntary opportunity to minimize the number of involuntary reductions. Of the total separations, 82 percent were voluntary and 18 percent were involuntary reductions. Voluntary programs have included one retirement incentive in FY 1994, one enhanced severance package in FY 1996, and seven VRIF packages. These voluntary programs have helped to successfully mitigate involuntary reductions and have also ensured the preservation of critical skills needed to meet ORNL's multiprogram research and development mission. Voluntary programs continue to offer an attractive option for employees who wish to retire or terminate their employment while eliminating the need for an involuntary termination.

Major laboratory initiatives in neutron science, functional genomics, and high-performance computing require the addition of specialized scientific and technical staff concurrent with restructuring in declining or completed programs. Members of scientific and technical staff are generally not interchangeable between disciplines and may not be interchangeable within a discipline. Work force additions occur in areas where the needed expertise is not available. The Laboratory's work force changes, including concurrent separations, are consistent with its mission.

ORISE. Work force restructuring at ORISE began in FY 1995. Because ORISE did not receive funding for work force restructuring from FY 1995 through FY 1997, an enhanced voluntary separation program was not offered. However, a voluntary separation program, without enhanced severance, was offered on a limited basis. Of the total 148 separations from FY 1995 through FY 1999, 22 percent were voluntary and 78 percent were involuntary. During FY 1999, there was a decrease in the number of involuntary reductions in Oak Ridge and one at an off-site location, which was five fewer than had been projected at the beginning of the year.

II.4.8.3 Current Work Force Restructuring

In FY 1999, there was a total of 402 separations throughout the Oak Ridge Complex (Exhibit II.17). There were 252 voluntary separations, including 169 non-retirement voluntary separations, and 83 net positions reduced through attrition. There were also 150 involuntary separations, all but one with benefits. In addition to the separations, there were 40 workers placed internally without retraining and 22 transfers to other sites. A detailed account of work force restructuring at the Oak Ridge Complex is included in the remainder of this section.

	SITE: Oak Ridge	FY 1999				
		Workers	Enhanced Costs	Program Costs	Total Costs	Total Cost/Recip.
1.0	Positions Reduced Voluntarily (Note 1)	252	\$0	\$4,591,231	\$4,591,231	\$18,219
1.1	Early Retirement					
1.2	Non-Retirement Voluntary Separations (Severance Only)	169	\$0	\$4,591,231	\$4,591,231	\$27,167
1.3	Net Positions Reduced Through Attrition	83	\$0	\$0	\$0	\$0
2.0	Involuntary Separations (Severance Only)	150	\$0	\$2,351,099	\$2,351,099	\$15,674
2.1	With Benefits	149	\$0	\$2,351,099	\$2,351,099	\$15,779
2.1.1	Non-construction workers	149	\$0	\$2,351,099	\$2,351,099	\$15,779
2.1.2	Construction workers					
2.2	Without Benefits	1	\$0	\$0	\$0	\$0
	Work Force Restructuring Separations and Costs -- Lines 1.0+2.0	402	\$0	\$6,942,330	\$6,942,330	\$17,269
3.0	Remaining Affected Workers		\$0	\$0	\$0	
3.1	Workers Placed without Retraining	40	\$0	\$0	\$0	\$0
3.2	Workers Internally Placed through Retraining					
3.3	Transfers to Other Sites	22	\$0	\$0	\$0	\$0
4.0	Other Benefits Provided		\$651,280	\$316,619	\$967,899	
4.1	Displaced Worker Medical Benefits	309	\$0	\$316,619	\$316,619	\$1,025
4.2	Relocation Assistance					
4.3	Separation or Separated Workers Using Outplacement	1,162	\$565,716	\$0	\$565,716	\$487
4.4	Education Assistance for Separated Workers	61	\$85,564	\$0	\$85,564	\$1,403
5.0	TOTAL COSTS FOR FISCAL YEAR 1999	n/a	\$651,280	\$7,258,949	\$7,910,229	n/a
6.0	WORK FORCE RESTRUCTURING SEPARATIONS (Average Costs)	402	n/a	n/a	n/a	\$20,022
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	169	n/a	n/a	n/a	\$30,646
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	149	n/a	n/a	n/a	\$19,258
9.0	Other Separations	7	\$0	\$0	\$0	\$0
9.1	Voluntarily Separated					
9.2	Involuntarily Separated	7	\$0	\$0	\$0	\$0

Note 1. In addition to reported separations, 340 Lockheed Martin Energy Services positions outsourced.

Exhibit II.17 Oak Ridge Work Force Restructuring Summary

During FY 1999, Bechtel Jacobs Company LLC had one Voluntary-Reduction-in-Force (VRIF) Program (i.e., normal severance package) offered to employees. Of the total separations, 44 percent were voluntary and 56 percent were involuntary reductions. A total of 128 employees were terminated in FY 1999, including 72 involuntary and 56 voluntary reductions.

During FY 1999, Lockheed Martin Energy Systems (LMES) had one VRIF program that was offered to employees. Of the total separations, 81 percent were voluntary and 19 percent involuntary reductions. A total of 63 employees left the payroll, of which 51 were voluntary, and 12 involuntary, reductions.

During FY 1999, Lockheed Martin Energy Research (LMER) had 56 employees to terminate, of which 41 percent were involuntary reductions, and 59 percent were voluntary reductions. Of the total separations, 23 employees were involuntary and 33 were voluntary reductions. LMER has 6 pending Involuntary-Reductions-in-Force (IRIF), (and 34 pending VRIFs that remain unresolved and may take place in FY 2000).

During FY 1999, ORISE has continued with its past pattern of IRIFs – reacting to funding loss as it has occurred. This resulted in the reductions occurring throughout the year and not at set times. All reductions during FY 1999 were involuntary. ORISE offered no voluntary reduction-in-force program. A total of 13 employees were reduced in Oak Ridge, down from the 27 last year. One off-site employee was reduced. Two other employees who had received letters were placed in the organization in other positions. Of the 13 employees in Oak Ridge who left the payroll, five had received their letters in FY 1998. Of the nine letters issued in FY 1999, eight have left the payroll. One will leave during late October 1999.

This year was the second year ORISE's offered the Educational Assistance benefit to displaced workers. Last year, three former employees used the benefit. Two of the three have found regular jobs that offer the educational benefit and have thus dropped out of the program. This year three additional employees used the benefits. During FY 1999, ORISE had a total of four employees use the educational assistance. In addition, three other employees indicate they plan to use the benefit.

Outsourcing. At LMES two major functions were outsourced. These functions were Travel Services (8 employees) and Information Technology Services (361 employees). BJC, ORISE and ORNL did not have any outsourcing activities in FY 1999.

Rehires. At LMES, 18 former employees were rehired during 1999. ORNL rehired two employees via the Jobs Opportunity Bulletin Board System. ORISE has had no rehires during FY 1999 in regular or regular/part-time positions. One employee who received an involuntary reduction-in-force was rehired in a temporary position in another area. Bechtel Jacobs Company LLC did not have any rehires in FY 1999. British Nuclear Fuels, Ltd. (BNFL) had one rehire in FY 1999.

II.4.8.4. Costs and Cost Savings

The total work force restructuring cost incurred in FY 1999 at Oak Ridge was \$7.9 million, with \$7.2 million in program cost and \$651,300 in enhanced benefit cost (Exhibit II.17). The average estimated fully-burdened cost per non-retirement voluntary separation was \$30,600, and the average estimated fully-burdened cost per involuntary separation was \$19,300. The average cost of displaced worker medical benefits was \$1,025, the average cost of outplacement was \$487, and the average cost of education assistance was \$1,403. The average savings in salary and benefits for the 402 positions reduced was \$29.8 million; for a one-time severance cost of \$6.9 million.

II.4.8.5. Outplacement

Lockheed Martin Energy Systems (LMES), a prime contractor within the Oak Ridge Complex, operates the Career Center for the use of all Department of Energy Federal, contractor and subcontractor displaced employees. The Career Center is operated as a team effort by Lockheed Martin Energy Systems and Star Access and is jointly funded by ORO and the Office of Worker and Community Transition. The Career Center offers a variety of services such as resume preparation, correspondence assistance, computer access, job-search training, one-on-one counseling, copy service, fax and telephone service, workshops, reference library, unadvertised job leads, and success teams. In FY 1997, the Career center moved to an offsite location and doubled its space, adding 41 computers for the use of contractor employees affected by downsizing efforts. In addition to the Career Center, job search counselors are provided by Star Access, which is funded by the Office. The State of Tennessee, Department of Labor's Workforce Network (formerly the Job Training Partnership Act) also has a staff member in the Career Center in order to assist laid off employees with state-provided benefits. In FY 1999, the Career Center served 1,162 employees from 37 local Department of Energy funded contractors and/or companies.

Preference-in-Hiring. In FY 1999, 17 former Department of Energy contractor employees were hired by LMES due to their section 3161 preference-in-hiring eligibility. Each contractor has been instructed to establish policies for implementing the preference-in-hiring requirement. Contractors have posted resumes for displaced workers onto JOBBS. Employees eligible for the preference are identified as Cold War workers. Whenever openings occur, employees currently on an impacted list with reduction-in-force notices in hand are considered for first priority placement. Next, the positions are open for internal job bids with the company. If no qualified candidates are found internally, the staffing offices of each contractor consults the JOBBS database and looks for displaced workers who are identified as Cold War workers. Finally, priority is given to former company employees who are qualified for the job. There were 313 former employees eligible for preference-in-hiring on September 30, 1999.

II.4.8.6. Community Transition

The Community Reuse Organization of East Tennessee (CROET) was established in November 1995, replacing the East Tennessee Economic Council as the local Community Reuse Organization (CRO). The CROET is a non-profit economic development organization whose purpose is to assist the private sector in creating quality jobs in the region by using the under-utilized land, facilities, equipment, personnel, and technologies available at the Oak Ridge Complex. As the CRO for the region, CROET provides the community's single voice to the Department for community transition issues.

CROET continues to be involved in leasing agreements to achieve the reindustrialization of the East Tennessee Technology Park (ETTP) and to help foster economic development in the affected communities through Federal grants. As of September 30, 1999, a total of \$53.3 million has been committed to the CRO and the Management and Operating contractor; \$47.2 million of which has been spent. A total of 4,331 jobs have been created or retained, with an additional 2,082 projected by the year 2003. Exhibit II.18 provides an allocation of job creation and funding statistics by six economic development categories at the site between FY 1993 and September 30, 1999.

FY 1993 through FY 1999					
Program Area	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2003 (Estimated)
Entrepreneurial Development	\$0	\$0	0	\$0	0
Financing Programs	\$2,000,000	\$1,966,503	210	\$9,364	260
Reuse of On Site Assets	\$13,405,000	\$8,263,914	211	\$39,165	714
Training	\$19,542,000	\$19,214,063	1,467	\$13,098	1,512
Land, Facilities, Research and Development Assistance	\$16,780,000	\$16,411,331	2,435	\$6,740	3,912
Planning / Program Management	\$1,525,000	\$1,342,685	8	\$167,836	15
Totals	\$53,252,000	\$47,198,496	4,331	\$10,898	6,413

Exhibit II.18 Oak Ridge Community Transition Funding and Job Creation

The following information provides an update on the major accomplishments of CROET during the period:

- C Manager's Diversity Award - CROET was awarded the Manager's Diversity award by former DOE-ORO Manager James Hall in recognition for outstanding support of DOE's Diversity Programs. Grant funding which contributed to this prestigious award included: funding to a

regional community college which is expanding into an economically-challenged area of East Knoxville; internships to students of historically black colleges and universities; grant funding to two woman- or minority-owned small businesses; and awarding at least 10 percent of the small business loans to minority companies.

- C Horizon Center Industrial Park - The Horizon Center Industrial Park is well underway toward its completion and, during this period, had the first tenant sign a lease to locate in the Park. Construction of a \$25 million facility that will eventually employ 240 high-technology people is already underway for Theragenics, Inc., a medical isotope company that uses a patented process to diagnose and treat cancer.
- C Fiftieth Lease Signing - A special reception recognizing the signing of the 50th lease at ETTP took place during this period. This lease was particularly important as it was sign with The Oak Ridge National Recycling Center, a joint venture of Diversified Environmental Services (a minority, woman-owned business headquartered in Oak Ridge) and 5R of Wisconsin, which is nationally recognized for expertise in de-manufacturing and recycling electronic components.
- C CROET and Technology 2020 Partnership - CROET and Technology 2020 recently announced a partnership to establish a new micro-loan fund to support technology-based start-up companies in East Tennessee. The U. S. Small Business Administration has provided \$300,000 to initially capitalize this loan fund. The Business Mentoring Program established through Technology 2020, which assigns a team of successful regional entrepreneurs to representatives of new area businesses with the intent of enhancing the new business success rate, will be a part of this partnership.
- C \$600 Million Saved - CROET has helped save DOE more than \$600 million, with \$34 million derived from innovative leasing and bartering arrangements that will relieve DOE of the costs of upkeep and utilities. A \$550 million savings is projected from DOE's contract with BNFL to clean up three of the largest buildings at the East Tennessee Technology Park site. BNFL will clean up the buildings well ahead of DOE's original schedule and will employ a cheaper technology than those available to DOE. A \$16 million savings was realized from a company's cleanup of a machine shop at the site, which was finished three years ahead of schedule.

Exhibit II.19 on the following page provides a summary of all projects funded between FY 1993 and September 30, 1999.

II.4.8.7 Future of Site

Based on Bechtel Jacobs Company's current subcontracting plans and best forecast of the FY 2000 budget, it is anticipated that additional reductions in staffing will occur through FY 2000. These

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reductions will affect Bechtel Jacobs Company LLC, LMES, and LMER, as the M&I contractor implements its subcontracting strategy.

Bechtel Jacobs Company LLC forecast is that a total of up to 500-600 reductions will occur as it completes the Management and Integration transition, including approximately 175 reductions associated with anticipated funding reductions in FY 2000. Note that a significant portion of

From FY 1993 through FY 1999					
Project Title	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2003 (Estimated)
Completed Projects					
Workforce Restructuring Planning Assistance Grant*	\$300,000	\$217,598	0	\$0	0
Manufacturing Technology (ORCMT)	\$10,000,000	\$10,000,000	1,358	\$7,364	1,358
Manufacturing Skills Campus	\$17,302,000	\$17,302,000	1,208	\$14,323	1,208
East Tennessee 2000-Feasibility Studies*	\$100,000	\$100,000	0	\$0	0
21st Century Jobs Initiative**	\$750,000	\$717,444	0	\$0	0
Technology 2020 - Regional Research and Development	\$1,500,000	\$1,493,595	12	\$124,466	12
Technical Assistance for the Reuse of DOE Facilities and Land ²	\$100,000	\$100,000	0	\$0	0
Current Projects					
City of Oak Ridge/Roane and Anderson Counties' projects	\$1,100,000	\$1,100,000	548	\$2,007	1,250
East Tennessee 2001: Implementing the Vision	\$12,100,000	\$11,604,442	982	\$11,817	1,517
New Business Development - DOE Small Business Grant	\$2,000,000	\$1,966,503	210	\$9,364	260
East Tennessee 2002	\$4,000,000	\$228,570	0	\$0	748
National Electronics Center Recycling Project ³	\$4,000,000	\$2,368,344	13	\$182,180	60
Totals	\$53,252,000	\$47,198,496	4,331	\$10,898	6,413

* Funds used for planning or administrative purposes. Job creation not intended.

** Funds used for planning or administrative purposes.

Note. See Appendix G for footnote explanations.

Exhibit II.19 Oak Ridge Funding and Job Creation by Program

reductions have shifted from FY 1999 to FY 2000 due primarily to schedule delays in award of the associated subcontracts, delays in transition of represented work force at Y-12, and delays in transition of USEC work force at both Paducah and Portsmouth.

In the future, the Y-12 Plant will be integrating manufacturing, engineering, and development technologies with an emphasis on protecting the environment and assessing the health and safety risks of the public and its employees.

Facilities and expertise developed and maintained in Oak Ridge are essential to the National Security Program. Capability for nuclear weapons component production and quality evaluations will be maintained, as well as that for dismantling and storing nuclear materials from retired weapon systems. The Centers for Manufacturing Technology will leverage and capitalize on this national security expertise to support industrial manufacture of highly intricate equipment and prototypes. In FY 2000, Y-12 will have a major downsizing initiative due to Department of Energy budgetary cuts and the need for efficiency improvements. It is projected that 600-700 jobs may be eliminated. However, due to skills-mix issues and the need for new employees with critical skills, a limited amount of hiring will also occur.

ORNL will be completing a 2-year transition process for site environmental management programs by midyear FY 2000. By this time, approximately 200-300 ORNL employees will have transferred to the new Managing and Integration contractor, Bechtel Jacobs Company LLC or its subcontractors. It is likely that restructuring will be required in midyear FY 2000 to accommodate work force transition resulting from remaining outsourcing of waste management tasks. Approximately 40-60 ORNL employees may be affected by this transition. It is anticipated that a voluntary reduction-in-force program will be proposed and requested to minimize the number of involuntary reductions.

Late in 1998, the Department announced that LMER had selected a subcontractor to complete the conventional design, and manage construction over the next 7 years, of the Spallation Neutron Source (SNS) to be constructed in Oak Ridge. The SNS is one of the Department's largest and most important construction projects. The SNS will produce bursts of neutrons for scientific experiments that will explore the basic structure of matter. All key management positions for the SNS project were filled during FY 1999. The construction effort, scheduled to begin in early 2000 will employ up to 600-800 temporary construction workers at its peak.

In April 1999, the Department issued the Request for Proposals for the management and operation of ORNL. The current contract, which is held by LMER, will expire on March 31, 2000. The new 5-year contract is expected to be awarded in December 1999, with the successful Offeror assuming full responsibility for ORNL beginning April 1, 2000.

FY 1999 was fairly stable for ORISE with a continued slight decline. An unplanned funding shortfall at the Atmospheric Turbulence and Diffusion Division site, managed by the National Oceanic Atmospheric Administration, increased ORISE's FY 1999 projected reductions from 12 to 19.

The actual number of ORISE employees reduced during FY 1999 in Oak Ridge was 13. At this time, FY 2000 looks much like FY 1999 with a slight decline in some areas expected. ORISE's projected number of reductions for next fiscal year is 17.

II.4.8.8. Accomplishments and Lessons Learned

There have been a number of accomplishments and lessons learned at the Oak Ridge Complex to mitigate the impact of Work Force Restructuring.

Accomplishments:

- C *Supervisor Training.* In September 1999, over 95 percent of the managers at Y-12 took this training in preparation for the FY 2000 major downsizing.
- C *Notification Training.* Bechtel Jacobs Company LLC also provided Supervisor Training; a formal workshop entitled Effective Notification. Training was conducted for supervisors who give reduction-in-force notices to their employees. This training prevents many misunderstandings that arise between the Company and/or supervisors and the affected employees.
- C *Career Center used as Interview Site.* Approximately 12 companies have used the Career Center in FY 1999 as an interview location for their open positions. In September 1999, personnel from Rocky Flats visited Oak Ridge to recruit for their many open positions for which a DOE "Q" clearance is required. The response was very good, with approximately 75 people expressing an interest in the Colorado jobs.
- C *Reduced Work Week.* ORISE instituted a reduced work week for some employees when current funding was insufficient to maintain a full-time work week, but there was still a chance that additional funding would be provided, permitting them to return to a full work week. This has been beneficial for employees because it has allowed them to keep their benefits, even though their hours were temporarily reduced. It has also been beneficial for the organization and the Department because it has averted the need for a reduction-in-force, loss of valuable employees, expenditure of funds on RIF benefits, and cost of hiring new employees.

- C *Management Training.* Members of management attended "Creating a Supportive Environment Following Reduction-in-force" seminar sponsored by Helpline, Incorporated.

Lessons Learned:

- C Employees should be released to work at the Career Center as soon as current assignments can be completed or transitioned. Work should be transitioned to the immediate supervisors. As soon as possible, the focus should be on what is useful to help the individual find a new job.
- C Impacted workers are strongly encouraged to attend the two-day Job Search workshop.
- C Line managers remain accountable for their employees during the 60-day notice period.
- C For employees with computer accounts, access is limited to email and internet. Access to other systems required for job performance must be authorized by the Division Director.
- C The Division or Deputy Division Manager and the Section/Department Head of the employee are to be present when the involuntary notices are issued.
- C Contractors will continue to utilize best practices in work force planning.
- C The Career Center maintains a Web page (www.ornl.gov/career) and encourages people receiving reduction-in-force notices to submit resumes for inclusion in the resume listing maintained on the web page. Many former employees report receiving interview requests and job offers as a result of their resume listing on this Web page. The Web site also includes information about the Career Center, special announcements, workshop schedules, and job-hunting sites.
- C Two tri-party agreements were reached between LMRS, LMER, Bechtel Jacobs Company LLC, and the Atomic Trades and Labor Council at the Y-12 Plant and ORNL to facilitate the transition of hourly employees covered by the collective bargaining unit agreements from LMES and LMER to BJC.
- C The LMES Employee Assistance Program has presented effective sessions on stress management that address low morale in the workplace for employees who remain on the payroll.
- C The transition staff at the Career Center cannot give false hopes to impacted employees and still maintain their credibility. It is important for the transition staff not to promise jobs. Some employees are more naturally placed into jobs than other employees. The transition staff must

try equally to place all employees, but must encourage the employees to take an active part in the job search.

- C Attention has been placed on those employees who remain after Work Force Restructuring. ORISE participated in a study of the survivor syndrome affecting remaining workers. This study was completed by an employee working on her Masters thesis.
- C All M&O and M&I contractor facilities formed a reduction-in-force review committee to review the RIF decisions and justifications of all RIFs prior to their being approved by top management. During the committee meetings, special attention was paid to diversity considerations and impacts, including race, gender, disability, age, national origin, performance, and company service. The committee is concerned with preserving specialized skills and competencies needed by the organization.
- C The Adjustment Assistance Coordinating Council, a local stakeholder group hosted by ORO, meets at least once a month to share information and concerns. This regular communication has resulted in cooperation among contractors and subcontractors in the Oak Ridge area and enabled questions and concerns about Work Force Restructuring to be resolved more quickly.
- C The Oak Ridge Operations Office developed a preference-in-hiring procedure after an extensive process of consulting with contractor, subcontractor, and labor organizations. These procedures clearly define the process DOE, contractors, labor unions, and the displaced employee must follow in order to use the preference-in-hiring benefit.
- C Career Center staff members have participated in several community events that have been held to support those who have received RIF notices, their families, and the many small businesses that the displaced workers have begun.

II.4.9 Ohio Field Office

II.4.9.1 Background

The Ohio Field Office, chartered in May 1994, manages multiple sites that were previously managed by separate Operations Offices. Because each of these sites is currently dedicated to environmental cleanup, the Department found it best to establish one office in Ohio to coordinate multiple site needs. The Ohio Field Office is responsible for environmental restoration, waste management, and other Department of Energy mission activities at five sites; four in Ohio and one in New York. Of those sites, only two - Fernald and Mound - qualify as defense nuclear facilities.

Fernald. The Fernald Environmental Management Project, formerly known as the Feed Materials Production Center, comprises approximately 1,050 acres and is located about 20 miles northwest of Cincinnati, Ohio. Between 1953 and 1989, the Center produced slightly enriched or depleted uranium products for use in production reactors to make plutonium and tritium at other Department of Energy sites. In July 1989, uranium metal production was suspended to refocus resources on environmental restoration.

Mound. The Miamisburg Environmental Management Project, formerly known as the Mound Laboratory or Mound Plant, and originally comprised of 300 acres, is located about 10 miles southwest of Dayton, Ohio, in the City of Miamisburg. From 1948 to 1995, the plant produced a variety of nuclear materials and nuclear weapons parts and provided maintenance on the weapons stockpile. In 1993, the Department announced the final reconfiguration of the nuclear weapons complex. Mound was slated for cleanup and closure, and transition to the local community for future reuses. At this point in time, approximately 26 acres has been transferred to the local community. Beginning in 1994, production was transferred to other Department of Energy sites and resources were directed to environmental cleanup.

II.4.9.2 History of Work Force Restructuring

Fernald. There were two work force reductions at Fernald between FY 1993 and FY 1996. One involuntary separation of approximately 200 employees occurred in FY 1993, and one voluntary separation program of about 400 employees was implemented in FY 1995 and FY 1996. A total of 1,007 employees were separated from FY 1993 through FY 1996, including attrition. Of these, 81 percent were voluntary and 19 percent involuntary. There were no net reductions at Fernald during FY 1997. In FY 1998, there were 12 positions reduced at the Fernald site, all were voluntary.

Mound. There were two work force reductions at Mound between FY 1993 and FY 1996; one in FY 1994 and another in FY 1996. A total of 827 employees were separated from FY 1993 through

FY 1996; 93 percent were voluntary and seven percent involuntary. In February 1997, an involuntary layoff was required, affecting approximately 25 people, which completed the reductions under the 1994 Work Force Restructuring Plan.

A new site operating contractor, Babcock and Wilcox of Ohio (BWO), was chosen at Mound in August 1997 and began operations under a performance-based completion contract on October 1, 1997. Prior to their startup, the contractor team offered employment to an estimated 760 out of the 860 Mound workers. Of those offers, about 700 accepted positions with the new contractor team. Those who did not accept employment offers, and those who did not receive offers of employment, either retired or were separated on September 30, 1997. Total separations for all of FY 1997 were 184; 15 percent were voluntary and 85 percent involuntary. In FY 1998, there were 32 positions reduced at the Mound site; 31 were voluntary separations, with only one involuntary separation.

During FY 1997, cleanup schedules were aligned with the Office of Environmental Management's *Accelerating Cleanup: Focus on 2006* plan, and the Ohio Field Office Strategic Plan. Ohio's Vision is to achieve closure of all sites by 2005. In July 1997, the Secretary of Energy approved the Ohio Field Office *Work Force Restructuring Plan*; an umbrella plan covering future work force reductions at Fernald and Mound. The plan lays out the Department's preferred strategy for future work force changes at Fernald and Mound. The site contractor will make decisions on when work force changes are needed, considering a variety of factors such as cost, worker skill mix, and cleanup schedules, when doing so. Changes to the plan may result from future policy or program changes. Because Fernald and Mound face closure within a decade, workers need to begin planning for the eventual loss of their jobs.

In FY 1999, BWO completed a new baseline of the site and accelerated the critical path in several areas. As a result, BWO has added, or will add, 41 salaried and 50 hourly positions to support this acceleration.

II.4.9.3 Current Work Force Restructuring

Fernald. The Work Force Restructuring Program implemented during FY 1998 was carried over into FY 1999. The Voluntary Separation Program (VSP) was open to approximately 150 individuals in approximately 25 decreasing classifications. During the VSP open application period, there were 35 individuals who applied for the VSP; 30 were subsequently accepted. The balance of those individuals in decreasing classifications moved into non-decreasing program areas or were absorbed as the result in a change of work scope. In FY 1999, there were 70 separations from the Fernald site (Exhibit II.20); 17 non-retirement voluntary separations and 53 positions reduced through net attrition. In addition, there were 141 workers internally placed, 137 without retraining and 4 placed through retraining.

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SITE: Fernald		FY 1999				
		Workers	Enhanced Costs	Program Costs	Total Costs	Total Cost/Recip.
1.0	Positions Reduced Voluntarily	70	\$0	\$185,542	\$185,542	\$2,651
1.1	Early Retirement					
1.2	Non-Retirement Voluntary Separations (Severance Only)	17	\$0	\$185,542	\$185,542	\$10,914
1.3	Net Positions Reduced Through Attrition	53	\$0	\$0	\$0	\$0
2.0	Involuntary Separations (Severance Only)	0	\$0	\$0	\$0	\$0
2.1	With Benefits					
2.1.1	Non-construction workers					
2.1.2	Construction workers					
2.2	Without Benefits					
	Work Force Restructuring Separations and Costs -- Lines 1.0+2.0	70	\$0	\$185,542	\$185,542	\$2,651
3.0	Remaining Affected Workers		\$0	\$0	\$0	
3.1	Workers Placed without Retraining	137	\$0	\$0	\$0	\$0
3.2	Workers Internally Placed through Retraining	4	\$0	\$0	\$0	\$0
3.3	Transfers to Other Sites					
4.0	Other Benefits Provided		\$0	\$0	\$0	
4.1	Displaced Worker Medical Benefits					
4.2	Relocation Assistance					
4.3	Separating or Separated Workers Using Outplacement					
4.4	Education Assistance for Separated Workers					
5.0	TOTAL COSTS FOR FISCAL YEAR 1999	n/a	\$0	\$185,542	\$185,542	n/a
6.0	WORK FORCE RESTRUCTURING SEPARATIONS (Average Costs)	70	n/a	n/a	n/a	\$3,496
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	17	n/a	n/a	n/a	\$14,393
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	0	n/a	n/a	n/a	\$0
9.0	Other Separations	0	\$0	\$0	\$0	\$0
9.1	Voluntarily Separated					
9.2	Involuntarily Separated					

Exhibit II.20 Fernald Work Force Restructuring Summary

Mound. The acceleration of the critical path activities at Mound and the corresponding additional openings allowed a natural work force restructuring to take place. Employees who bid on an open job were considered first and the positions were filled from within. This also occurred in the hourly ranks by allowing the elevation of 10 Demo Techs to 2nd Class Craft employees. There were only two separations at Mound in FY 1999, one early retirement and one voluntary separation (Exhibit II.21).

Outsourcing. There was no outsourcing activity at Mound or Fernald in FY 1999.

Rehires. Fluor Daniel Fernald rehired one employee during FY 1999.

II.4.9.4 Costs and Cost Savings

Fernald. The total work force restructuring cost incurred in FY 1999 at Fernald was \$185,542; all of which was considered program cost (Exhibit II.20). There was no enhanced benefit cost. The average estimated fully-burdened cost per non-retirement voluntary separation was \$14,400. The average savings in salary and benefits for the 70 positions reduced is \$5.2 million; for a one-time severance cost of \$185,500.

	SITE: Mound	FY 1999				
		Workers	Enhanced Costs	Program Costs	Total Costs	Total Cost/Recip.
1.0	Positions Reduced Voluntarily	2	\$0	\$40,499	\$40,499	\$20,250
1.1	Early Retirement	1	0	\$32,382	\$32,382	\$32,382
1.2	Non-Retirement Voluntary Separations (Severance Only)	1	0	\$8,117	\$8,117	\$8,117
1.3	Net Positions Reduced Through Attrition					
2.0	Involuntary Separations (Severance Only)	0	\$0	\$0	\$0	\$0
2.1	With Benefits					
2.1.1	Non-construction workers					
2.1.2	Construction workers					
2.2	Without Benefits					
	Work Force Restructuring Separations and Costs -- Lines 1.0+2.0	2	\$0	\$40,499	\$40,499	\$20,250
3.0	Remaining Affected Workers		\$0	\$0	\$0	
3.1	Workers Placed without Retraining					
3.2	Workers Internally Placed through Retraining					
3.3	Transfers to Other Sites					
4.0	Other Benefits Provided		\$339,854	\$0	\$339,854	
4.1	Displaced Worker Medical Benefits	65	\$246,306	\$0	\$246,306	\$3,789
4.2	Relocation Assistance					
4.3	Separating or Separated Workers Using Outplacement					
4.4	Education Assistance for Separated Workers	52	\$93,548	\$0	\$93,548	\$1,799
5.0	TOTAL COSTS FOR FISCAL YEAR 1999	n/a	\$339,854	\$40,499	\$380,353	n/a
6.0	WORK FORCE RESTRUCTURING SEPARATIONS (Average Costs)	2	n/a	n/a	n/a	\$21,989
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	1	n/a	n/a	n/a	\$11,596
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	0	n/a	n/a	n/a	\$0
9.0	Other Separations	0	\$0	\$0	\$0	\$0
9.1	Voluntarily Separated					
9.2	Involuntarily Separated					

Exhibit II.21 Mound Work Force Restructuring Summary

Mound. The total work force restructuring cost incurred in FY 1999 at Mound was \$380,353 (Exhibit II.21). The total program cost was \$40,499 and the enhanced benefit cost totaled \$339,854. The average cost per early retirement was \$32,000. The average estimated fully-burdened cost per non-retirement voluntary separation was \$11,600. The average cost of displaced worker medical benefits was \$3,789 and the average cost for education assistance for separated workers was \$1,800. The average savings in salary and benefits for the two positions reduced is \$148,000; for a one-time severance cost of \$40,500.

II.4.9.5 Outplacement

The Department of Energy is committed to helping workers plan for their eventual transition to new careers after employment at Fernald and Mound. Outplacement services provide each site worker access to skill assessments, workshops, resource libraries, and automated job listings, such as the Department's JOBBS. These services help meet the spirit of section 3161 in assisting workers.

Fernald. During FY 1999, Fernald had budgeted \$878,344 for professional and career development activity for Fernald employees. The Career Development Center had 70 employees enrolled in associate degree programs, 182 employees enrolled in bachelor degree programs, and 86 employees enrolled in master degree programs through various local accredited colleges and universities.

Mound. The Mound Transition Center closed on September 30, 1998. BWO continues to input data into and receive data from JOBBS. It is anticipated that a more formalized activity will again occur in the out years, but there is no budget allocation at this time.

Preference-in-Hiring. There has been no preference-in-hiring activity in FY 1999 at Fernald. Mound's preference-in-hiring activities have been in accordance with the Mound Work Force Transition Plan. There were 5 employees hired at Mound who were preference eligible. As of September 30, 1999, there were 49 employees with current preference-in-hiring status.

II.4.9.6 Community Transition

Fernald. During FY 1999 the Fernald Community Reuse Organization (CRO) undertook the work necessary to complete a Community Transition Plan and Implementation Funding Request. This work necessitated extensive data gathering to complete a Community Needs Analysis, a Target Industry Study, and Economic Impact Analysis and other related studies. The effort to establish program priorities was facilitated by conducting over one-half dozen Community Focus Groups, where representatives from the leadership of the public and private sectors discussed their views on the priority needs arising from the eventual closure of the Fernald facility.

Utilizing this background analysis and community input as the basis for establishing priorities, the CRO completed a Community Transition Plan document that was submitted to DOE by the end of June 1999. The Plan contemplates a multi-phased economic development program that suggests such program activities as a revolving loan fund, a regional marketing effort, an entrepreneurial assistance program, an incubator feasibility study, assistance for the startup of Fernald worker enterprises and the formation of a Local Development Company that will focus on rural trade area revitalization. The overall request for first-year implementation grant support of the Community Transition Plan is slightly in

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excess of \$3 million. Total implementation of the plan will require a three-year program totaling \$12 million.

Efforts have been made to obtain community participation in the financing of the overall effort. The CRO has attracted the involvement of several regional economic development agencies for the funding of the regional marketing effort. In addition, funds have been received from the State of Ohio to help implement the entrepreneurial assistance program. Finally, local merchants have indicated a willingness to provide partial funding for the implementation of the rural trade area revitalization activities.

At the end of the 1999 fiscal year, the CRO was continuing to await DOE action on the Community Transition Plan. Utilizing carry-over funds from prior year grants, the CRO was anticipating continued activity through the early months of FY 2000. As of September 30, 1999, a total of \$412,100 has been committed to the CRO; \$336,921 of which has been spent. Exhibit II.22 provides an allocation of job creation and funding statistics by six economic development categories at the site between FY 1993 and September 30, 1999.

FY 1993 through FY 1999					
Program Area	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2003 (Estimated)
Entrepreneurial Development	\$0	\$0	0	\$0	0
Financing Programs	\$0	\$0	0	\$0	0
Reuse of On Site Assets	\$0	\$0	0	\$0	0
Training	\$0	\$0	0	\$0	0
Land, Facilities, Research and Development Assistance	\$0	\$0	0	\$0	0
Planning / Program Management	\$412,100	\$336,921	0	\$0	0
Totals	\$412,100	\$336,921	0	\$0	0

Exhibit II.22 Fernald Community Transition Funding and Job Creation

The following information provides an update on the major accomplishments of selected projects funded by the CRO:

- C A primary work element under the Community Transition Planning grant was the completion of an Economic Impact Study and a Target Industry study. The University of Cincinnati was

utilized as the research unit for assessment of Fernald's economic impact on the greater Cincinnati region over the next ten years of operation.

- C The Fernald CRO continued to undertake most of its activities through close cooperation with other regional economic development organizations. One example of this cooperative effort was the CRO's participation in a regionally sponsored target industry study. This regional approach allowed the CRO to have a knowledge of appropriate target industries that is much more detailed than would have been the case if the CRO had undertaken such a study on its own. This target industry study was included in the Community Transition Plan document.
- C The CRO has been successful in developing a set of guidelines and procedures for designation of excess property for economic development purposes. This strategy will be utilized during the implementation procedures to allocate equipment resources to potential users in the region.
- C The CRO submitted land reuse recommendations to DOE regarding the market potential for an economic development site at the Fernald Environmental Management Project (FEMP) location. This recommendation was based on a study that assessed whether market demand exists for utilization of this site for commercial/industrial use over the next six years. The study did not indicate any appreciable level of demand. However, the CRO's recommendation to DOE suggested that the land should be set aside as a reserve for future economic development and/or community facility utilization at some point post-2006. A variety of potential community facility uses were also examined by the CRO and the comments on the utility of these various proposals was included in the recommendations to DOE. The CRO's input had a definite impact on DOE's environmental assessment that led to DOE decision making on final land use disposition at the FEMP.

Exhibit II.23 provides a summary of all projects funded between FY 1993 and September 30, 1999.

From FY 1993 through FY 1999					
Project Title	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2003 (Estimated)
Start Up/Planning Grant*	\$412,100	\$336,921	0	\$0	0
Totals	\$412,100	\$336,921	0	\$0	0

* Funds used for planning or administrative purposes. Job creation not intended.

Exhibit II.23 Fernald Funding and Job Creation by Program

Mound. The closure of the DOE Mound facility initiated new roles and responsibilities for the Department of Energy and led to the establishment of the Miamisburg Mound Community Improvement Corporation (MMCIC), the local CRO. The MMCIC is a not-for-profit corporation established by the City of Miamisburg to redevelop and reuse the site as well as transfer Mound assets for reuse. The MMCIC was chartered with the vision of establishing the site known as "Mound" as an economically viable, privately owned technology and industry center by 2005 - the Mound Advanced Technology Center (MATC). In response to the challenges presented by the commercialization of the Mound facility, the MMCIC developed the Miamisburg Mound Comprehensive Reuse Plan. This plan details a long-range development plan and implementation strategy for the Mound transition. The technology and industrial park strategy is considered the highest and best use of the site primarily because it works within the limitations created by environmental constraints, market, financial, and political realities, as well as local economic development goals.

The focus now is the commercialization of the Mound site. The intent of the transition effort is to: abate the loss of jobs and unique technological capabilities; provide continued economic benefits to the Mound work force, the local community, the region, the state and the Federal government; transfer a clean site to the local community; and successfully transition the Mound site to Mound-based private businesses. Consequently, the mission of the partnership between DOE and the local community (represented by MMCIC) is to identify and assemble the resources and capabilities needed to address the impacts resulting from the Federal defense budget reductions and Mound closure. The shared goal is to maximize the cleanup and economic development opportunities in order to achieve the successful reuse of Mound.

As of September 30, 1999, a total of \$19.7 million has been committed to the MMCIC, approximately \$10.7 million of which has been spent. Approximately 320 jobs have been created or retained, and the CRO projects an additional 274 jobs by the year 2003. Exhibit II.24 on the following page provides an allocation of job creation and funding statistics by six economic development categories at the site between FY 1993 and September 30, 1999.

The following details Federal assistance program/project accomplishments.

- C Materials Research Institute leased 1400 square feet in the COS Building. The business conducts research into ink-jet printing of flexible-circuit substrata. The company employs three people.
- C Building 104 was leased to Image Industries, a Miamisburg-based company established in 1968. A family-owned graphic design and printing business, Image Industries will continue its commercial printing operations while expanding sales of "Secret Image" scratch-off, promotional advertising materials. The company employs eight people.

FY 1993 through FY 1999					
Program Area	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2003 (Estimated)
Entrepreneurial Development	\$0	\$0	0	\$0	0
Financing Programs	\$0	\$0	0	\$0	0
Reuse of On Site Assets	\$19,150,000	\$10,681,486	320	\$33,380	594
Training	\$0	\$0	0	\$0	0
Land, Facilities, Research and Development Assistance	\$0	\$0	0	\$0	0
Planning / Program Management	\$0	\$0	0	\$0	0
Total*	\$19,150,000	\$10,681,486	320	\$33,380	594

* Does not include Work Authorization Directive Funds of \$550,000.

Exhibit II.24 Mound Community Transition Funding and Job Creation

- C In preparation for the demolition of E Building, several companies and capabilities have moved. CD Systems, Precision Joining, and various functions of BWO are sharing 47,000 square feet of DS Building as well as its operating costs. Mound Metallurgical has elected to move off site, although the company did exercise an option to purchase equipment. The surface-science and chemistry capabilities have been moved to COS Building and are being marketed.
- C Secretary of Energy Bill Richardson visited the Mound Advanced Technology Center for a ceremony marking the transfer of the first parcel of Mound property to the community. The parcel, about 14 acres of the 306-acre site, includes buildings 100 and 105, which represent nearly 33,000 square feet of space. Both buildings are under lease to private businesses; Building 100 houses CareNOW of Greater Dayton, and Building 105, Thaler Machine Company.
- C For the first time in months, additional excess buildings totaling 25,000 square feet have become available to the MMCIC. In addition to the above-mentioned DS Building, Building 89, a warehouse, will be used for equipment storage; GH Building represents 5,000 square feet of office space; and GP1 is a firing range/training facility.
- C Construction activities for the East Boundary Improvement project got underway on August 16, 1999. The project involves improvements to Mound Road, including widening and resurfacing

of the existing two-lane road, improved turn-lane access, sidewalk, curb, storm sewer, street lighting and water lines. Also included are improvements of the Main Hill Access Road, construction of an interior cul-de-sac road, upgrade of the Mound Road entrance and a service entrance, and sanitary sewer and parking improvements.

- C In response to the MMCIC's application to EDA for funding of Phase II improvements, MMCIC was awarded \$729,000. The proposed \$1.5 million project would extend the East Boundary Improvement Project to the top of the Mound Main Hill. The Upper Hill Road Reconstruction Project is the next step in implementing the Miamisburg Mound Comprehensive Reuse Plan and includes the construction of roadways including curb, gutter, sidewalk, and street lighting, the installation of five parking lots, as well as the integration of the site into the surrounding utility systems for water, storm water and waste water.
- C Work has begun on preparing two applications to Montgomery County's ED/GE Program. The first application is for Engineering costs related to the Upper Hill Road Reconstruction Project for \$90,000. The second application for \$350,000 in funding is for renovation work required to lease building 87. MMCIC has two potential tenants for that building.
- C DOE has concluded, with the MMCIC's support, that buildings M, H, B, and I should be demolished rather than remediated and reused as originally envisioned in the Comprehensive Reuse Plan. Building M has limited reuse potential, while Buildings H and B are located in close proximity to the most severely contaminated locations on site. Razing these buildings will reduce the cost to MMCIC of implementing the CRP by approximately \$1.1 million.
- C Utility rate negotiations were concluded and new prices became effective as of March 1, 1999. The most significant of the changes is an increase in the charge for steam heating. The costs are significantly higher than the industrial norm because of the single air-pass systems through the buildings. For this reason, the MMCIC has completed a study to retrofit reuse buildings and has initiated a process to develop the engineering plans to complete this work for buildings currently under its control. MMCIC anticipates using the DOE Facilities Transition grant to pay the cost.
- C Visits to the MATC by Governor Taft on June 2, and Ohio Director of Development Lee Johnson on May 13, provided extraordinary opportunities to "show and tell" the Mound redevelopment story. Both visitors expressed an understanding of the issues and needs as well as a genuine interest in the transition effort. The project also can help fulfill the State's high-tech job development goals. The timing of these visits was important because they came early in the new Governor's term and can serve as the basis of relationships for several years into the future -- years in which the State will be asked to support the capital improvements needed to realize the Mound vision. Overall, both visits can be considered successful.

Exhibit II.25 provides a summary of all projects funded between FY 1993 and September 30, 1999.

From FY 1993 through FY 1999					
Project Title	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2003 (Estimated)
Miamisburg Mound Economic Development Plan	\$14,700,000	\$10,681,486	320	\$33,380	594
Facilities Transition Grant	\$5,000,000	\$0	0	\$0	0
Totals	\$19,700,000	\$10,681,486	320	\$33,380	594

Exhibit II.25 Mound Funding and Job Creation by Program

II.4.9.7 Future of the Sites

When Fernald and Mound close, nearly 3,000 contractor employees will no longer be performing work for the Department. There is no promise of long-term employment for Department of Energy work at these sites. The Department is working with community reuse organizations to identify reuse options for the assets of each site. The goal is to encourage communities to shift from dependence on the Department as a key source of employment to dependence on private sector business activity.

Fernald. An independently validated project baseline supports the site's accelerated cleanup schedule. A disciplined work force planning process is being integrated with the project baseline to provide management and workers with a two-year planning horizon of required staffing levels and skill requirements. This information will enable management and workers to make informed decisions relative to future employment opportunities at the site, or at other locations. During FY 1999, this disciplined work force planning process will be fully implemented and operational.

Mound. Babcock and Wilcox of Ohio anticipates completion of cleanup at Mound, with site closure by February 2003. Its contract includes a disciplined work force planning process that identifies anticipated interim and final project completion. The community will use the information to attract private industry to the area and to help workers transition to the private sector.

The MMCIC at Mound is now focusing on attracting established business firms to the site. With the support of Ohio's Department of Development, aggressive marketing of emerging technology opportunities is now underway. Utilizing the University of Dayton Center for Business and Economic Research and the University's Research and Development Institute, an effective reuse of Mound's

state-of-the-art destructive testing capability has been initiated in FY 1997. In addition, a collaborative relationship between two Ohio defense conversion metrology laboratories is being pursued, which could make the state a focal point in this increasingly important field.

II.4.9.8 Accomplishments and Lessons Learned

- C Babcock and Wilcox of Ohio began operations at the Mound site on October 1, 1997 to complete the site cleanup by FY 2003.
- C Congress funded the Department's "Paths to Closure" account to accelerate cleanup activities at selected sites. During FY 1998, the Fernald site continued its efforts to complete cleanup by FY 2005. Congress expanded the closure fund program in FY 1999 to include the Mound site.
- C The Mound site sale by the Department to MMCIC was formally signed in January 1998, with selected land parcels formally transferred to the community at the end of FY 1999.
- C Fluor Daniel Fernald's managed attrition program began in April 1998, and uses disciplined work force planning to show employees their potential employment situation up to two years in advance. Employees in affected skill areas may agree to voluntarily separate at a future date and begin receiving tailored transition benefits. Fluor Daniel Fernald's goal is for employees to leave the site employed, not unemployed when their Fernald work is done.
- C In May 1998, Fluor Daniel Fernald's contract to operate the Fernald site was extended through November 2000.
- C Fluor Daniel Fernald and the Fernald Atomic Trades and Labor Council signed a five-year labor agreement reflecting the transformation of the site from production to remediation. The contract provides mobility and flexibility of the work force to complete a significant portion of the site's remediation by contract end.
- C Technology assisted learning through satellite system and the Internet continues to expand. Since starting two years ago, the number of students has tripled and includes contractor and Federal employees from the Mound and Fernald sites. Classes range from degree to certification programs in engineering, environment, nuclear sciences, business, and security, as workers prepare for new careers after cleanup is completed.
- C Responding to employee concerns, Fluor Daniel Fernald's Career Development Center worked with local colleges and universities to create a deferred payment program to allow

employees to pay no tuition up front, as usually required by those institutions. Once the employee successfully completes their program with a minimum “C” average, the employee is reimbursed for tuition and other costs and settles his/her account with the appropriate institution.

- C Fluor Daniel Fernald implemented a craft certification program, where all crafts have an opportunity to upgrade their skills to another status. As the site downsizes and cleanup projects are completed, skilled crafts will receive preferential hiring at 32 other Fluor Daniel locations throughout the country and the world.
- C Babcock and Wilcox of Ohio’s property donation program provided over \$1.5 million of computer equipment, furniture, and laboratory equipment to schools, colleges, universities, churches, police departments, YMCAs, and various youth organizations.
- C Fluor Daniel Fernald’s Career Development Center continues to work closely with employees in providing creative professional development and training opportunities. As a key element of the managed attrition effort, the Center averaged over 500 employee visits per month.
- C Babcock and Wilcox of Ohio completed operation of its Outplacement Center due to expiration of eligibility for those workers terminated by EG&G Mound Applied Technologies on September 30, 1997.
- C Fluor Daniel Fernald managed attrition program reduced the site’s attrition rate to about four percent by encouraging key skilled employees to continue working at the site and beginning their transition planning. Prior to the program, attrition was running up to eight percent, with key skilled workers leaving the site. In addition, the average separation cost for those workers leaving under the managed attrition program was about \$5,500, compared to what would have been an average of about \$7,700 for involuntary severance for those same workers.
- C Because of the completion of the baseline, BWO does not anticipate a downsizing until early 2003.
- C In August 1999, DOE announced that the Fernald site contract completion activity would be recompeted.